

# STATE OF FLORIDA AUDITOR GENERAL

## Information Technology Operational Audit

Report No. 2026-101  
February 2026

### DEPARTMENT OF FINANCIAL SERVICES

Florida Accounting Information  
Resource Subsystem (FLAIR)  
and Selected Information Technology  
General Controls



Sherrill F. Norman, CPA  
Auditor General

## **Chief Financial Officer**

Pursuant to Article IV, Sections 4(c) and 5(a) of the State Constitution, the Chief Financial Officer is an elected member of the Cabinet and serves as the chief fiscal officer of the State. Pursuant to Section 20.121(1), Florida Statutes, the Chief Financial Officer is the head of the Department of Financial Services. The Honorable Jimmy Patronis served as Chief Financial Officer through March 2025 and thereafter the position was vacant through the end of the audit period (June 2025).

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 Cara Hill and the audit was supervised by Brenda Shiner, CISA.

Please address inquiries regarding this report to Brenda Shiner, CISA, Audit Manager, by e-mail at [brendashiner@aud.state.fl.us](mailto:brendashiner@aud.state.fl.us) or by telephone at (850) 412-2946.

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# DEPARTMENT OF FINANCIAL SERVICES

## Florida Accounting Information Resource Subsystem (FLAIR) and Selected Information Technology General Controls

### **SUMMARY**

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This operational audit of the Department of Financial Services (Department) focused on the Florida Accounting Information Resource Subsystem (FLAIR) and selected information technology (IT) general controls. The audit also included a follow-up on the finding included in our report No. 2025-114. Our audit disclosed the following:

**Finding 1:** Department change management controls need improvement to ensure that all FLAIR and Statewide Master Adjustment System program changes are appropriately authorized, tested, reviewed, and approved prior to implementation into the production environment, and are managed by, and do not bypass, the Department's change management process.

### **BACKGROUND**

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The Florida Accounting Information Resource Subsystem (FLAIR) is the State of Florida's accounting system. State law<sup>1</sup> establishes FLAIR as a subsystem of the Florida Financial Management Information System and the Department of Financial Services (Department) as the functional owner of FLAIR. As provided in State law,<sup>2</sup> the functions of FLAIR include accounting and reporting to provide timely data for producing financial statements for the State in accordance with generally accepted accounting principles, and auditing and settling claims against the State.

FLAIR and the Department play a major role in ensuring that State financial transactions are accurately and timely recorded and that the State's Annual Comprehensive Financial Report (ACFR) is presented in accordance with appropriate standards, rules, regulations, and statutes.

FLAIR is composed of four components:

- The Departmental Accounting Component (DAC), which maintains State agency accounting records and provides accounting details for general ledger transactions, accounts receivable, accounts payable, grants, projects, and assets. DAC provides State agency management with a budgetary check mechanism. The Statewide Financial Statements Subsystem of DAC, Workiva, and the Statewide Master Adjustment System (SWMA) are used to assist and support the Department's Division of Accounting and Auditing in publishing the State's ACFR. State agencies are the primary users of DAC, Workiva, and SWMA.
- The Central Accounting Component (CAC), which maintains the State's checkbook used by the Department to process payments for the State. CAC is a cash basis system for the control of budget by line item of the General Appropriations Act. The primary user of CAC is the Division of Accounting and Auditing.

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<sup>1</sup> Sections 215.93(1)(b) and 215.94(2), Florida Statutes.

<sup>2</sup> Section 215.94(2)(a) and (b), Florida Statutes.

- The Payroll Component, which processes the State’s payroll. The Division of Accounting and Auditing is the primary user of the Payroll Component. The Bureau of State Payrolls within the Division of Accounting and Auditing administers payroll processing.
- The Information Warehouse, which is a reporting system that allows users to access information extracted from DAC, CAC, the Payroll Component, and certain systems external to FLAIR. The primary users of the Information Warehouse are State agencies, the Division of Accounting and Auditing, and the Department’s Office of Information Technology (OIT).

The Department is responsible for the design, implementation, and operation of FLAIR. Within the Department, the OIT operates the Chief Financial Officer’s Data Center and maintains FLAIR.

In 2014, the Department created the Florida Planning, Accounting, and Ledger Management (Florida PALM) project to replace FLAIR and the cash management and accounting management components of the Cash Management Subsystem (CMS)<sup>3</sup> with a cloud-hosted enterprise resource planning financial management solution designed to modernize the State’s financial management processes and system. Beginning with the CMS implementation (CMS Wave) in July 2021, this multi-year project was to transition FLAIR and CMS functions, as well as additional functionality, to Florida PALM using defined project waves, with production support commencing upon implementation of initial functionality. The CMS Wave transitioned the functions related to the management of bank cash, participant invested cash, and Treasury investments from the CMS to Florida PALM.

In January 2023, the Florida PALM project timeline and implementation approach was updated, including combining the prior separate waves of Financials, Payroll, and Data Warehouse into one implementation that will build on the capabilities deployed during the CMS Wave. In May 2023, validation and finalization of the Florida PALM business requirements was completed and work began on the design of interfaces with MyFloridaMarketPlace, the Legislative Appropriations System/Planning and Budgeting Subsystem, People First, and other third-party systems. The official build process for the Financials and Payroll implementation completed Stage Gate 1 – Ready to Start Build in November 2023 and Stage Gate 2 – Ready to Begin System Testing in August 2024.

As of September 2025, the Florida PALM project experienced schedule delays in several key areas. These delays postponed the Executive Steering Committee vote planned for July 2025 to begin Stage Gate 3 – Ready to Begin User Acceptance Testing (UAT), the commencement of Agency UAT anticipated to have started in August 2025, and subsequent downstream activities. On September 30, 2025, Florida PALM project management notified the Florida PALM Executive Steering Committee that the project planned go-live date would need to be revised and, on October 2, 2025, the Florida PALM project formally announced an updated timeline, moving the go-live date from July 2026 to January 2027 to provide sufficient time for implementation planning, comprehensive testing, and redesign of internal financial management processes impacted by the Florida PALM project transformation. The revised schedule also allows additional time for interface testing, which is expected to conclude in September 2026. A PreUAT period for Financials, which began on October 20, 2025, was also added to the project, with a small group of testers from the 16 Advisory Council agencies. The Executive Steering Committee

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<sup>3</sup> The CMS included the CMS application, Fund Accounting, Dis-Investments, Consolidated Revolving Account, Bank Accounts, Warrant Processing, Investment Accounting, State Accounts, Archive, Special Purpose Investment Account (SPIA), and Certificates of Deposits (CD). Florida PALM replaced eight of these applications, excluding Archive, SPIA, and CD.

approved the start of full UAT (all agency testing) to begin in February 2026, and continue through October 2026, and preparation activities were underway for Stage Gate 4 – Agency Readiness, with a revised completion date of November 18, 2026.

An Executive Steering Committee, together with the Florida PALM Project Sponsor and Project Director, are responsible for Florida PALM project governance. The Executive Steering Committee consists of 17 members representing multiple State agencies. In February 2022, the Department formed the Florida PALM Advisory Council composed of 17 FLAIR users, State agency technical staff who maintain systems that integrate with FLAIR, and State agency finance and accounting or budget directors and enterprise partners. The Florida PALM Advisory Council is responsible for assisting the Executive Steering Committee and the Florida PALM Project Sponsor and Project Director by identifying potential solutions for future Florida PALM wave implementations.

Until Florida PALM is fully implemented, FLAIR remains the State’s accounting system and, along with selected Department information technology (IT) general controls, was the subject of this audit.

## ***FINDING AND RECOMMENDATION***

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### **Finding 1: Change Management Controls**

Effective change management controls are intended to ensure that all program and related changes (e.g., database changes) are properly authorized, tested, and approved for implementation into the production environment. Effective change management controls also include reconciling and reviewing all system changes implemented into the production environment for approval and appropriateness. Controls over the modification of programs, including review of before and after images of program code prior to implementation, help ensure that only approved program code changes are made within the programs.

To evaluate the appropriateness of Department change management controls for FLAIR and SWMA program changes implemented into the production environment, we reviewed Department change management policies and procedures, interviewed Department personnel responsible for FLAIR and SWMA change management processes, and examined change management records for 7 of the 79 FLAIR and 2 of the 9 SWMA program changes implemented into the production environment during the period July 2024 through June 2025. Our audit procedures found that FLAIR and SWMA change management controls need improvement. Specifically:

- Records for the six applicable FLAIR change tickets did not evidence that program code reviews, including before and after images of changed program code, were completed. In response to our audit inquiry, Department management indicated that, while the completed *Analyst Checklist* evidenced that a functional review was performed, the developer and the analyst (assigned reviewer) could at their discretion agree that a detailed program code review was not necessary.
- The Department had not established a program code review process to review SWMA program code changes prior to implementation, which would help ensure that unauthorized or accidental program changes were identified prior to implementation in the production environment. According to Department management, code reviews were not completed due to limited personnel resources, as the Department only had one developer with the technical knowledge

required to review the code and that person was also the developer responsible for coding the SWMA program code changes.

- The Department had not established a reconciliation process to ensure that all SWMA program code changes implemented into the production environment were appropriately authorized, tested, and approved for production. According to Department management, they mistakenly believed that user postimplementation reviews would detect unauthorized program code changes. Further, Department management believed that, since SWMA is more of a utility system for uploading and downloading batch files for FLAIR processing, there was less of a need to develop a detailed change control process that included reconciliations.

The absence of reviews prior to program code implementation into the production environment increases the risk that unauthorized FLAIR and SWMA program changes may be implemented into the production environment. Without an effective reconciliation process that ensures that all implemented SWMA program changes are recorded in the ticketing system, the Department has limited assurance that all program changes are appropriately authorized and approved.

**Recommendation:** We recommend that Department management enhance change management controls to ensure that FLAIR and SWMA program code reviews are performed and before and after images of code are retained in Department records. To ensure that all SWMA program changes are appropriately authorized and approved, we also recommend that Department management ensure that reconciliations of implemented SWMA program changes are performed and documented in Department records.

## ***PRIOR AUDIT FOLLOW-UP***

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The Department had taken corrective action for the finding included in our report No. 2025-114.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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 information technology (IT) operational audit from August 2025 through January 2026 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 the audit findings and our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the audit findings and our conclusions based on our audit objectives.

This IT operational audit focused on evaluating selected significant Department of Financial Services (Department) IT controls applicable to financial reporting, the Florida Accounting Information Resource Subsystem (FLAIR), and other significant Departmentwide IT controls during the period July 2024 through June 2025 and selected actions subsequent thereto. For those areas addressed by this audit, our audit objectives were:

- To evaluate the effectiveness of selected IT controls in achieving management's objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the

confidentiality, integrity, availability, relevance, and reliability of data; and the safeguarding of IT resources.

- To determine whether management had corrected, or was in the process of correcting, the deficiencies disclosed in our report No. 2025-114.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for the IT systems included within the scope of the audit, deficiencies in management's internal controls that were 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 IT controls, legal compliance matters, and records considered.

As described in more detail below, for the IT systems included within the scope of this 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 the audit; obtaining an understanding of and evaluating the IT systems and related significant controls; 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 the audit findings and our conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

This audit included the selection and examination of IT system controls and records. Unless otherwise indicated in this report, these items 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 contractors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting this audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of the Department's organizational structure, statutory requirements, operational processes, Workiva, the Statewide Master Adjustment System (SWMA), and FLAIR components, consisting of the Departmental Accounting Component (DAC), the Central Accounting Component (CAC), and the Payroll Component (Payroll).
- Obtained an understanding of Department processes for approving, assigning, reviewing, and deactivating access to FLAIR CAC and Payroll; logical access controls for Workiva and SWMA; processes for authenticating to Workiva; physical access and environmental controls for protecting Department data and IT resources; processes for requesting, authorizing, testing, approving, implementing, and reconciling FLAIR and SWMA program changes; the strategic IT planning process, including the status of the Florida Planning, Accounting, and Ledger

Management (Florida PALM) project, planned system architecture, project oversight, and implementation schedule; and Workiva processes for preparing the Annual Comprehensive Financial Report.

- Interviewed Department personnel and examined Department policies, procedures, and processes for FLAIR and SWMA change management, including program change reconciliation processes and program code reviews. Specifically, we examined records for 7 of the 79 FLAIR and 2 of the 7 SWMA change tickets implemented during the period July 2024 through June 2025, as documented in the Department's ticketing system, to determine whether the FLAIR and SWMA program changes were appropriately authorized, tested, approved, and implemented into the production environment.
- Evaluated logical access controls, including policies, procedures, and processes, for assigning, periodically reviewing, and disabling user accounts for FLAIR CAC and Payroll Statewide access, and SWMA access. Specifically, we evaluated:
  - The timeliness of disabling FLAIR CAC and Payroll Statewide account access for the 12 Department employees with FLAIR CAC access privileges and the 4 Department employees with Payroll Statewide access privileges who separated from Department employment during the period July 2024 through May 2025.
  - The appropriateness of SWMA account access for the 2 Office of Information Technology (OIT) and 12 Division of Accounting and Auditing users and the 134 State agency users with SWMA user accounts as of August 13, 2025.
- Evaluated the appropriateness of physical access and environmental controls for the Department's Data Center and other OIT secured areas, including the adequacy of policies, procedures, and processes established to protect Department IT resources and data. Specifically, we examined Department records to determine the adequacy of the quarterly access reviews completed in January 2025 and July 2025 of physical access privileges to the Data Center and other OIT-secured areas.
- Interviewed Department personnel and examined Department policies, procedures, and processes related to Workiva logical access, State agency reporting of leases and subscription-based IT arrangements, and Workiva year-end closing procedures, including updating Workiva tables used for the State's Annual Comprehensive Financial Report.
- Observed Workiva authentication controls as of October 2025.
- 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 and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 11.45, Florida Statutes, provides that the Auditor General may conduct audits of the IT programs, activities, functions, or systems of any governmental entity created or established by law. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our IT operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial "S".

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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**BLAISE INGOGLIA**  
CHIEF FINANCIAL OFFICER

February 13, 2026

Sherrill F. Norman, CPA  
Florida Auditor General  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Pursuant to section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit finding included in the Auditor General's audit of the *Department of Financial Services Florida Accounting Information Resource Subsystem (FLAIR) and Selected Information Technology General Controls*.

If you have any questions concerning this response, please contact Dawn E. Case, Inspector General, at (850) 413-3112.

Sincerely,

A handwritten signature in blue ink, appearing to read "Blaise Ingoglia". The signature is stylized and somewhat abstract, with a long horizontal stroke extending to the right.

Blaise Ingoglia  
Chief Financial Officer

BI/dkc  
Enclosure

**Auditor General Audit of the Florida Accounting Information Resource Subsystem (FLAIR) and Selected Information Technology General Controls**

**RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS**

**Finding 1: Change Management Controls**

Department change management controls need improvement to ensure that all FLAIR and Statewide Master Adjustment System program changes are appropriately authorized, tested, reviewed, and approved prior to implementation into the production environment, and are managed by, and do not bypass, the Department’s change management process.

**Recommendation:** We recommend that Department management enhance change management controls to ensure that FLAIR and SWMA program code reviews are performed and before and after images of code are retained in Department records. To ensure that all SWMA program changes are appropriately authorized and approved, we also recommend that Department management ensure that reconciliations of implemented SWMA program changes are performed and documented in Department records.

**Response:** Department management concurs with the audit finding and recommendations. The Department will enhance change management controls to ensure that FLAIR and SWMA program code reviews are consistently performed for all changes and that before-and-after images of program code are retained in Department records. In addition, management will strengthen procedures to ensure that all SWMA program changes are appropriately authorized and approved. SWMA program change code reviews will be performed and formally documented to verify that only approved changes are moved into production. These actions will help ensure the integrity of system changes and support compliance with established change management requirements.

**Expected Completion Date for Corrective Action: 6/30/2026**