

ANNUAL REPORT
Florida Department of Economic Opportunity
Office of Inspector General
September 28, 2017



FLORIDA DEPARTMENT *of*
ECONOMIC OPPORTUNITY

Rick Scott
GOVERNOR



Cissy Proctor
EXECUTIVE DIRECTOR

September 28, 2017

Ms. Cissy Proctor, Executive Director
Caldwell Building, Suite 212
107 East Madison Street
Tallahassee, Florida 32399

Mr. Eric Miller, Chief Inspector General
Executive Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Director Proctor and CIG Miller:

I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2016-2017, as required by Section 20.055, Florida Statutes.

We remain committed in our work with the Department's management and staff to promote efficiency, accountability and integrity. Thank you for your continued support.

Sincerely,

James E. Landsberg
Inspector General

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HIGHLIGHTS

The Department of Economic Opportunity's Office of Inspector General (OIG) completed the projects below during the 2016-2017 fiscal year.

Investigative Activity

- Completed six investigations;
- Completed four inquiries;
- Coordinated the resolution of 23 complaints with DEO management and 21 complaints with other parties having appropriate jurisdiction; and
- Received 388 calls for management resolution or general assistance

Audit Activity

- Conducted 15 information security audits and two management reviews resulting in 104 findings and recommendations;
- Performed liaison and coordination activities for three external audits;
- Coordinated 60 external engagements with 105 findings and recommendations; and
- Facilitated corrective action for all significant recommendations in prior audits and reviews

Other

- Conducted a Department-wide risk assessment;
- Prepared the annual and long-term audit work plan; and
- Provided technical assistance to Department managers as needed

INTRODUCTION

Purpose of this Report

Section 20.055, Florida Statutes, requires each Office of Inspector General to prepare an annual report describing its activities during the preceding state fiscal year. This report includes, but is not limited to:

- A description of activities relating to the development, assessment, and validation of performance measures;
- A description of significant deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities;
- A description of the recommendations for corrective action made by the inspector general during the reporting period with respect to significant problems, abuses, or deficiencies identified;
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each investigation and audit completed during the reporting period.

This document is presented to the Executive Director of the Florida Department of Economic Opportunity and to Florida's Chief Inspector General.

Summary of the Department

Section 20.60, Florida Statutes, states that the mission of the Department of Economic Opportunity is to assist the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians.

The divisions of the Department are as follows:

1. Strategic Business Development
2. Workforce Services
3. Community Development
4. Information Technology
5. Finance and Administration

The Division of Strategic Business Development provides support for attracting out-of-state businesses to Florida, promoting the creation and expansion of Florida businesses, and facilitating the state's economic development partnerships. The primary initiatives and activities of the Division

of Strategic Business Development are carried out in the Bureau of Business and Economic Incentives, the Bureau of Compliance and Accountability, the Bureau of Planning and Partnerships, and the Office of Film and Entertainment.

The Division of Workforce Services partners with CareerSource Florida and the state's 24 Local Workforce Development Boards to strengthen Florida's business climate by supporting employers and helping Floridians gain employment, remain employed, and advance in their careers. The primary initiatives and activities of the Division of Workforce Services are carried out in the Bureaus of Labor Market Statistics, One-Stop and Program Support, and Reemployment Assistance.

The Division of Community Development fosters economic development in the state's rural and urban communities through opportunities, assistance, and partnerships with entities such as the Florida Housing Finance Corporation that balance local and state growth management needs. The primary initiatives and activities of the Division are carried out in the Bureaus of Community Assistance, Community Planning, Community Revitalization, and Economic Development.

The Division of Information Technology seeks out opportunities where information technology can help support the creation of jobs in Florida's economy. The primary initiatives and activities of the Division are designed to align everything information technology does with DEO needs. The goals of the Division are to eliminate duplicative services, improve the governance model, and leverage third party verifiable sources for efficiency improvements while enhancing accountability and mission integrity.

The Division of Finance and Administration provides support through management of activities related to budget, finance, general services, and human resources. The primary initiatives and activities of the Division are carried out within the Bureaus of Budget Management, Financial Management, Financial Monitoring & Accountability, General Services, and Human Resource Management.

MISSION AND ORGANIZATION

As stated in Section 20.055, Florida Statutes, the role of the OIG is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in the Department.

The OIG has established the following priorities to help ensure success in fulfilling our mission:

- **Sufficiency** – Provide quality audits, investigations, reviews, and other services in accordance with professional standards and, where applicable, federal and state regulations.
- **Timeliness** – Perform audits, audit resolution, investigations, and reviews in a timely manner.
- **Added Value** – Perform activities designed to add value and improve the Department’s operations.
- **Awareness** – Promote awareness regarding OIG roles and responsibilities as well as awareness regarding the duty to report fraud, waste, and abuse.

The primary goal of the OIG is to provide independent and objective information in a timely manner to assist the Department’s Executive Director and management team in fulfilling their duties and responsibilities.

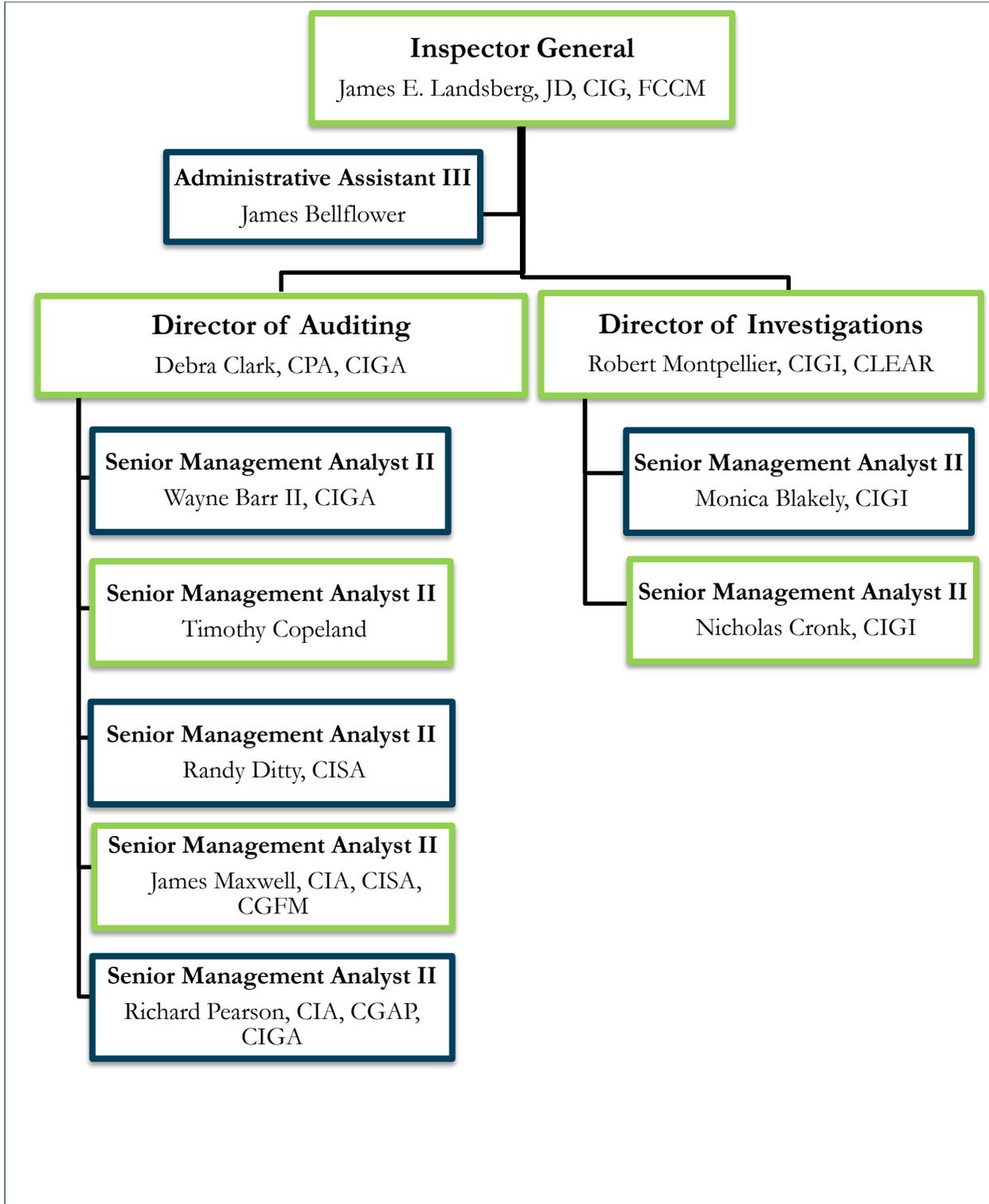
Commission for Florida Law Enforcement Accreditation

The Investigations Section is accredited through the Commission for Florida Law Enforcement Accreditation. This Commission accredits law enforcement agencies and Offices of Inspectors General within the State of Florida that attain specific standards for operations, investigations, and other activities. The OIG’s Investigations Section achieved this accreditation on June 22, 2016, after establishing compliance with approximately 40 standards.



Organizational Profile

The OIG had a staff of 11 positions as of June 30, 2017. Our structure was as follows:



Professional Certifications

Certifications held by the staff include:

- One Certified Inspector General (CIG);
- One Certified Public Accountant (CPA);
- Two Certified Internal Auditors (CIA);
- Three Certified Inspector General Auditors (CIGA);
- One Certified Government Financial Manager (CGFM);
- Two Certified Information System Auditors (CISA);
- Three Certified Inspector General Investigators (CIGI);
- One Certified Government Auditing Professional (CGAP);
- One Certified Investigator/Inspector (CLEAR);
- One Florida Bar Member (JD); and
- One Florida Certified Contract Manager (FCCM)

Professional Affiliations

OIG staff members are affiliated with:

- National Association of Inspectors General (AIG);
- Florida Chapter of the Association of Inspector General (FCAIG);
- Institute of Internal Auditors (IIA);
- Tallahassee Chapter IIA (TCIIA);
- The Florida Bar;
- Information Systems Audit and Control Association (ISACA);
- Tallahassee Chapter ISACA (TCISACA);
- Association of Government Accountants (AGA);
- Tallahassee Chapter AGA (TCAGA);
- Council on Licensure, Enforcement, and Regulation (CLEAR); and
- The Florida Commission for Law Enforcement Accreditation

Training Accomplishments

Training Activities for Fiscal Year 2016-17 included the following:

- **Information Systems Audit and Control Association** – OIG staff participated in several continuing education seminars on topics such as computer forensics, information technology security controls, vulnerability assessments, and remediation of logical access control deficiencies.
- **Government Accounting Conference** – This two-day conference, sponsored by the Association of Government Accountants, provided training in a variety of topics designed to maintain auditors' proficiency in evolving fields.
- **Tallahassee Chapter of Association of Government Accountants** – Monthly meetings of accounting and auditing professionals from state and local governments included training in cybersecurity and the impact of uniform guidance from the Office of Management and Budget.
- **Tallahassee Chapter of the Institute of Internal Auditors** – Quarterly meetings of internal audit professionals from the Tallahassee area included training in areas such as data privacy, emerging technology, and business continuity programs.
- **Florida Chapter of the Association of Inspectors General** – Bi-monthly meetings included presentations on topics such as the Florida Auditor General's Office, the Florida Planning, Accounting, and Ledger Project, and management's needs from the Inspector General Community.
- **Association of Government Accountants Webinars** – OIG staff participated in webinars addressing topics such as "Big Data and Data Analytics," ethics, and information technology security planning.
- **The Association of Inspectors General Institute** – This five day training course sponsored by the Association of Inspectors General provides participants instruction in core competency areas identified by the Association. The Association awards the designation of *Certified Inspector General*, *Certified Inspector General Investigator* or *Certified Inspector General Auditor* to individuals who meet the eligibility requirements regarding education and experience, and successfully complete the certification program.

INVESTIGATIONS SECTION

The Investigations Section conducts and coordinates activities designed to detect, deter, and prevent fraud, waste, mismanagement, misconduct, and other abuses. These activities include investigations, inquiries, management referrals, and law enforcement referrals.

Investigations

The OIG conducts investigations designed to provide Department management with objective, fact-based assessments to help ensure the integrity and efficiency of both management and operations. Topics of investigation may include contract procurement violations, conflicts of interest, gross mismanagement, disruptive or threatening behavior, falsification of records, and data manipulation. Investigations also encompass misconduct by workforce service providers and other vendors who offer products and services under contract with the Department.

Inquiries

Inquiry cases are opened when it is unclear whether a full investigation is warranted. In these types of cases, fact-gathering is conducted and a determination is made whether to proceed with a substantive investigation. Inquiries are used to report findings related to complaints or other issues to the Executive Director and Department managers where no specific wrongdoing by any one person is implied. Inquiries concentrate on Department and/or partner processes rather than allegations against a specific subject. An inquiry can result in a written report which summarizes the issues and provides recommendations for correction, if necessary.

Management Referrals

Management Referral cases are opened when the OIG receives complaints which do not rise to the level of significance that warrant a substantive investigation. These complaints are referred to management and are monitored until an outcome report is received and reviewed by the OIG.

Law Enforcement Referrals

Law Enforcement Referral cases are those reported to the Florida Department of Law Enforcement (FDLE) or other law enforcement agencies, as appropriate, when the Inspector General has reasonable grounds to believe there has been a violation of criminal law. Our partners most often are the United States Department of Labor OIG, FDLE, as well as federal and state prosecutors.

Summary of Investigative Activity

The Investigations Section completed 54 projects and received 388 calls from citizens for management resolution or general assistance. The table below summarizes significant investigative projects completed during the fiscal year.

Closed Investigative Projects July 1, 2016 – June 30, 2017	
PROJECT	SUMMARY
2016/17-0020	A complainant alleged that a DEO supervisor hired a personal friend with whom she had a personal relationship and shared a residence. OIG substantiated the allegation. In addition, the investigation revealed that the supervisor provided the employee with information not available to other candidates.
2016/17-0025	A DEO employee alleged that his supervisor falsified timesheets and then asked him to lie about the falsification. OIG investigated and found the allegations to be unsubstantiated.
2016/17-0043	A DEO employee alleged that a DEO manager engaged in (1) improper hiring practices and (2) conduct which created the appearance of impropriety. OIG found the first allegation to be unsubstantiated and the second allegation to be substantiated.
2016/17-0046	The DEO Office of Human Resource Management presented information to OIG showing that Other Personal Services (OPS) staff were paid during a period of office closures. OIG determined that payments made to these workers were not allowable. OIG recommended that DEO management take steps to recover the improper payments and ensure that all Local Workforce Development Boards were notified that OPS employees could not be paid for hours other than those worked.
2016/17-0055	A DEO employee alleged that a DEO supervisor participated in a multi-level marketing scheme and misrepresented herself by posting information on a social media website claiming to be a federal government employee. OIG substantiated the allegations.
2016/17-0059	OIG received an anonymous complaint alleging that DEO employees traveled to Orlando for unnecessary training that did not fill a full workday. OIG determined the travel was necessary and permissible, but that earlier departure at the conclusion of the event was possible for some employees. OIG therefore recommended that training be given on travel guidelines and requirements.

**Closed Investigative Projects
July 1, 2016 – June 30, 2017**

PROJECT	SUMMARY
2016/17-0078	A former employee of a Local Workforce Development Board filed a complaint with OIG alleging she was terminated for reporting that 17,000 Supplemental Nutrition Assistance Program (SNAP) cases were mishandled. OIG reviewed all documents provided by the complainant, conducted interviews, and determined there was insufficient basis to conduct further investigation.
2016/17-0081	In response to a request from DEO management, OIG reviewed implementation of the Federally declared Disaster Unemployment Assistance (DUA) program for Hurricanes Hermine and Matthew. OIG identified 47 cases where system errors resulted in overpayments and inaccurate processing. The program area initiated efforts to resolve the issues. OIG will monitor the resolution process.
2016/17-0089	The DEO Office of Human Resource Management requested that OIG determine whether a DEO employee used interaction with OIG as a basis to restore his access to a document management system. The OIG interviewed the employee and a witness and found no evidence to support the allegation.
2016/17-0099-0100	At the request of DEO management, OIG reviewed the basis for a personnel action against a DEO employee. OIG conducted interviews and provided a summary of its findings to management, who then took appropriate action to resolve concerns of the employee.

**Attachment I includes a summary of additional investigative activity.*

AUDIT SECTION

The Internal Audit function is designed to be an independent, objective assurance and consulting activity which adds value and improves the Department's operations. Its objective is to help the Department accomplish its goals by bringing a systematic, disciplined approach to the evaluation of internal controls and governance processes. Although conducting internal audits is the primary mission of the Audit Section, substantial benefit is provided to the Department through several other functions. These include consulting engagements, coordination with external auditors, resolution of audits with federal grantors, tracking audit findings, and risk analysis.

During Fiscal Year 2016-17, the Internal Audit unit performed fifteen formal audits summarized later in this report. In addition, we performed two management reviews.

First, we will address the development of our annual and long-term audit work plan.

Work Plan Development

Section 20.055(6)(i), Florida Statutes, requires the OIG to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management.

In April 2017, the OIG sent a Risk Assessment Survey to executive management and DEO managers from all divisions and performed in-person interviews with selected senior managers. The risk assessment process had two purposes: (1) To help ensure that Department risk exposures are understood and managed; (2) To assist in identifying OIG work plan assignments. The survey addressed:

- Management Controls;
- Communications;
- Staffing and Resources;
- Data Systems and Information;
- Reporting;
- Complexity of Operations;
- Waste, Fraud, and Abuse;
- Degree of Change; and
- Performance Measures.

An urgent risk identified through this process was the potential for continued public benefits fraud. Specifically, DEO's Workforce and Reemployment Assistance Programs experienced claims for benefits submitted by individuals using stolen identities. To help reduce the risk of identity theft

within DEO's programs, we conducted information security audits of Local Workforce Development Boards. Those audits and other projects are summarized below.

Significant Audit Projects

During FY 2016-17, OIG performed the following tasks related to the development, assessment, and validation of performance measures:

- In August 2016, we assessed the reliability and validity of certain information provided by the Department for performance measures and standards related to the Long Range Program Plan (LRPP). In addition, we reviewed the Department's proposed measures of activity through FY 2021-22.
- Report No. 2016/17-0066: OIG conducted a review of performance measures reported by the Division of Workforce Services. This review evaluated the process used to collect, calculate, and report data for selected measures. The review covered measures reported during the period of October 1, 2016, through December 31, 2016. We determined that the measures reviewed appeared to be valid and reliable, and that the program office was accurately reporting relevant data.

OIG performed fifteen information security audits of Local Workforce Development Boards (LWDBs) as part of the audit plan. The findings and recommendations are summarized below.

Information Security Audit of CareerSource Broward (LWDB 22) – Report No. 2015/16-0022

There were a total of six findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;
- Access Controls;
- Background Screenings;
- Non-Disclosure and Confidentiality Agreements; and
- IT Security Control Policies and Procedures.

We recommended that the Board:

- Manage an effective security awareness training program;
- Combine related policies and checklists together into a comprehensive contingency plan;
- Ensure that access permissions remain commensurate with assigned job duties and that access privileges of former employees are timely deactivated;

- Revise its policies and processes for conducting criminal background screening to ensure they align with sections 435.03 and 435.04(2), Florida Statutes, and the Grantee-Subgrantee Agreement;
- Ensure that the current individual Non-Disclosure and Confidentiality Certifications are completed timely and maintained for inspection; and
- Develop and disseminate to staff and contractors information technology policies and procedures regarding security training and awareness, remote access, access control, password management, media management, security background screening, patch management and system updates, encryption, audit trails, and physical and environmental security.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Palm Beach (LWDB 21) – Report No. 2015/16-0045

There were a total of five findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Access Controls;
- Background Screenings;
- Non-Disclosure and Confidentiality Agreements; and
- IT Security Control Policies and Procedures.

We recommended that the Board:

- Manage an effective security awareness training program;
- Ensure that access permissions remain commensurate with assigned job duties and that access privileges of former employees are timely deactivated;
- Revise its policies and processes for conducting criminal background screening to ensure that they align with sections 435.03 and 435.04(2), Florida Statutes, and the Grantee-Subgrantee Agreement;
- Ensure that the current Individual Non-Disclosure and Confidentiality Certifications are completed timely and maintained for inspection; and
- Develop and disseminate to staff and contractors information technology policies and procedures regarding security training and awareness, access control, media management, security background screening, and mobile computing.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

There were a total of nine findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;
- Access Controls;
- Background Screenings;
- Media Management;
- Non-Disclosure and Confidentiality Agreements;
- Asset Management;
- Security Agreements; and
- IT Security Control Policies and Procedures.

We recommended that the Board:

- Manage an effective security awareness training program that includes the retention of appropriate documentation to provide evidence of staff training;
- Expand its contingency planning efforts to address noted deficiencies for all enterprise components and activities critical to timely restoring the Board's operations;
- Ensure that access permissions remain commensurate with assigned job duties and that access privileges of former employees are timely deactivated;
- Revise the process in place for conducting criminal background screening;
- Establish policies and procedures to manage cloud-based services to store information;
- Ensure timely completion of the Individual Non-Disclosure and Confidentiality Certifications and appropriately maintain the certifications for inspection;
- Improve information asset management to include the tracking and disposition of all information assets;
- Ensure the timely completion and retention of DEO Security agreement forms; and
- Develop and submit information technology policies and procedures regarding password management, media management, patch management and system updates, encryption, audit trails, physical and environmental security, and vulnerability testing.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Southwest Florida (LWDB 24) – Report No. 2015/16-0064

There were a total of seven findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;
- Access Controls;
- Identification and Authentication;
- Background Screenings;
- Media Management; and
- Password Management.

We recommended that the Board:

- Provide annual security awareness training to all Board and contractor staff;
- Explore other locations for storage of backup data systems;
- Revise its policies and processes for establishing account eligibility, activation, maintenance, and deactivation of user accounts;
- Revise its policies and processes for the intruder lockout feature and incorporate all IT policies in one document;
- Revise its policies and processes for conducting criminal background screening;
- Revise its policies and procedures to include DEO's media management protocol and an inventory of information resources; and
- Revise its policies and procedures to include DEO's password management protocol.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Flagler Volusia (LWDB 11) – Report No. 2015/16-0065

There were a total of seven findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Access Controls;
- Background Screenings;
- Vulnerability Assessment and Testing;
- Non-Disclosure and Confidentiality Agreements;
- Records Retention Policy; and
- Information Asset Management.

We recommended that the Board:

- Develop formal policies and procedures establishing their security training program;
- Enhance the policies and procedures for access controls to include the noted deficiencies and ensure access is reviewed and terminated in a timely manner;
- Continue with its efforts to ensure policies and procedures meet FDLE background screening requirements;
- Develop vulnerability assessment and testing procedures;
- Ensure timely completion of the Individual Non-Disclosure and Confidentiality Certifications and appropriately maintain the certifications for inspection;
- Review and revise its records management policies to include retention schedules and disposition procedures;
- Improve procedures to include the tracking and disposition of all information technology assets.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Brevard (LWDB 13) – Report No. 2015/16-0078

There were a total of six findings relating to the following deficiencies/topics:

- Access Controls;
- Background Screenings;
- IT Security Training and Awareness;
- Contingency Planning;
- Remote Access Controls; and
- Non-Disclosure and Confidentiality Agreements.

We recommended that the Board:

- Update and maintain accurate user access records;
- Revise its policies and processes for conducting criminal background screening;
- Finalize the design and implementation of its new security training and awareness certification resource;
- Expand written risk-based plans to address an alternative site where center operations can be moved to, if necessary, and test Board planning strategies on at least an annual basis;
- Develop detailed policies and procedures regarding remote computer access; and
- Ensure that current Individual Non-Disclosure and Confidentiality Certification forms are maintained for all Board and contracted staff with access to DEO data.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource SunCoast (LWDB 18) – Report No. 2015/16-0088

There were a total of five findings relating to the following deficiencies/topics:

- Background Screenings;
- Access Controls;
- Password Management;
- Contingency Planning; and
- Physical Access.

We recommended that the Board:

- Revise its policies and processes for conducting criminal background screening;
- Ensure policies and processes for account termination are enforced so all separated employees' access is timely deactivated;
- Continue to review policies and procedures on password management to ensure alignment with DEO protocol;
- Ensure testing of contingency planning strategies is performed and sufficiently documented on at least an annual basis; and
- Ensure access to files and equipment is limited to those who need access to perform official job duties.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security CareerSource Escarosa (LWDB 1) – Report No. 2016/17-0008

There were a total of five findings relating to the following deficiencies/topics:

- Contingency Planning;
- Access Controls;
- Background Screenings;
- Vulnerability Testing; and
- Non-Disclosure and Confidentiality Agreements.

We recommended that the Board:

- Continue its efforts to refine and test the Disaster Recovery Plan (DRP) annually;

- Continue its efforts to review the Regional Security Office (RSO) Standard Operating Procedures document to ensure compliance with DEO protocol;
- Continue to ensure that background screenings are performed in a timely manner;
- Ensure that vulnerability testing is performed on an annual basis; and
- Continue with efforts to ensure that Non-Disclosure and Confidentiality forms are completed for all employees.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Pasco Hernando (LWDB 16) – Report No. 2016/17-0017

There were a total of nine findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;
- Access Controls;
- Identification and Authentication;
- Background Screenings;
- Remote Access;
- Vulnerability Assessment and Testing;
- Password Management; and
- Non-Disclosure and Confidentiality Agreements.

We recommended that the Board:

- Continue providing annual security awareness training to Board and contractor staff as required;
- Revise its policies and procedures to ensure testing of the contingency plan and document the results;
- Ensure a timely and appropriate process for granting and removing access to systems is assigned and monitored for compliance;
- Continue to revise its policies and processes, as necessary, for the intruder lockout feature;
- Revise the policies and processes for conducting criminal background screening, ensuring that they align with sections 435.03 and 435.04(2), Florida Statutes, and the Grantee-Subgrantee Agreement;
- Continue to update its policies and procedures to include DEO's remote access password management protocols;
- Develop vulnerability assessment and testing procedures.

- Continue to revise its policies and procedures to include DEO's password management protocol; and
- Continue with efforts to ensure that Non-Disclosure and Confidentiality Agreements are completed for all employees.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Tampa Bay (LWDB 15) – Report No. 2016/17-0034

There were a total of nine findings relating to the following deficiencies/topics:

- Access Controls;
- Physical Security;
- Background Screenings;
- Contingency Planning;
- Asset Management;
- Password Management;
- Security Awareness Training;
- Antivirus Software; and
- Non-Disclosure and Confidentiality Agreements.

We recommended that the Board:

- Ensure access to applications is provided only if the resource is required for staff members to perform their official duties and that processes for account termination are enforced so all separated employees' access is timely deactivated;
- Ensure access to the server room is adequately secured through limited issuance of keys to staff or the installation of a keypad with restrictions on the access code distribution;
- Revise its policies and processes for conducting criminal background screening;
- Ensure contingency planning documents contain all required elements;
- Verify all information technology assets have been properly recorded in inventory;
- Ensure password and screen lock requirements are met;
- Ensure all information users complete security awareness training;
- Formulate procedures to ensure review of antivirus log results is being performed to protect information resources;
- Ensure that all individuals with access to applications sign Non-Disclosure and Confidentiality Agreements.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Pinellas (LWDB 14) – Report No. 2016/17-0036

There were a total of nine findings relating to the following deficiencies/topics:

- Access Controls;
- Physical Security;
- Background Screenings;
- Contingency Planning;
- Asset Management;
- Password Management;
- Security Awareness and Training;
- Antivirus Software; and
- Confidentiality Standards.

We recommended that the Board:

- Ensure access to applications is timely deactivated and provided only if the resource is required for staff members to perform their official duties;
- Ensure computer systems and facilities are protected from theft, alteration, damage by fire, dust, water, power loss, and unauthorized disruption of operation;
- Revise its policies and processes for conducting criminal background screening;
- Ensure contingency planning documents contain the required elements;
- Verify information technology assets are properly recorded in inventory;
- Ensure password and screen lock requirements are met;
- Ensure all information users complete security awareness training;
- Formulate procedures to ensure review of antivirus log results is being performed to protect information resources;
- Ensure staff sign the current version of DEO's Individual Non-Disclosure and Confidentiality Certification form.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Florida Crown (LWDB 7) – Report No. 2016/17-0038

There were a total of six findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Access Controls;
- Background Screenings;
- Information Systems Risk Assessment;

- Vulnerability Testing; and
- Non-Disclosure and Confidentiality Agreements.

We recommended that the Board:

- Continue to ensure that security awareness training is completed in a timely fashion in accordance with the Grantee-Subgrantee Agreement;
- Continue to refine the Regional Security Officer (RSO) Standard Operating Procedures document to ensure compliance with DEO IT protocol;
- Continue to work closely with Landrum to ensure FDLE Level 1 background screenings are performed in a timely manner and in compliance with the Grantee-Subgrantee Agreement;
- Develop and implement an Information Systems risk assessment policy;
- Develop vulnerability assessment and testing procedures; and
- Continue efforts to ensure that Non-Disclosure and Confidentiality Agreements are completed for all staff.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Gulf Coast (LWDB 4) – Report No. 2016/17-0047

There were a total of six findings relating to the following deficiencies/topics:

- Backup and Recovery;
- Access Controls;
- Background Screenings;
- Vulnerability Testing;
- Information Asset Management; and
- Information Security Policies and Procedures.

We recommended that the Board:

- Implement detailed procedures for maintaining backup data, performing test restores from backups, transferring tapes to/from offsite location, and recycling or disposing of backups upon expiration of their retention period;
- Enhance the policies and procedures for access controls;
- Revise the process in place for conducting criminal background screening;
- Develop vulnerability assessment and testing procedures;
- Improve procedures to include the tracking, inventory, and disposition of all information assets that can store or transmit data; and

- Develop and submit policies and procedures related to media management, remote access, password management, and equipment sanitization.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Research Coast (LWDB 20) – Report No. 2016/17-0048

There were a total of seven findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;
- Access Controls;
- Identification and Authentication;
- Background Screenings;
- Vulnerability Assessment and Testing; and
- Password Management.

We recommended that the Board:

- Develop formal policies and procedures outlining their security training and awareness program;
- Revise its policies and procedures on testing of the contingency plan annually;
- Ensure that a timely and appropriate process for granting and removing access to systems is assigned and monitored for compliance;
- Revise its policies and processes for establishing account eligibility, activation, and maintenance of user accounts and the intruder lockout procedure;
- Revise the policies and processes for conducting criminal background screening;
- Develop vulnerability assessment and testing procedures and ensure that vulnerability testing is performed on an annual basis; and
- Revise its policies and procedures to include DEO's password management protocol.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

Information Security Audit of CareerSource Chipola (LWDB 3) – Report No. 2016/17-0050

There were a total of seven findings relating to the following deficiencies/topics:

- Security Awareness Training;
- Contingency Planning;

- Access Controls;
- Remote Access;
- Risk Assessments;
- Vulnerability Testing; and
- Public Records Requests.

We recommended that the Board:

- Continue to ensure that security awareness training is completed timely in accordance with the Grantee-Subgrantee Agreement;
- Write a disaster recovery plan using NIST Special Publication 800-34 Revision 1 as a guide;
- Prepare a Regional Security Officer Standard Operating Procedure to ensure compliance with DEO IT protocol;
- Develop and implement policies and procedures for the logging and monitoring of audit trails for information system resources;
- Develop and implement policies and procedures for performing an information system risk assessment;
- Develop vulnerability assessment and testing procedures; and
- Continue to update the Request for Public Records Standard Operating Procedures as needed.

Board management concurred with the above findings and recommendations and is planning corrective actions to address the issues.

There were no significant recommendations described in previous annual reports for which corrective action had not been completed.

**Attachment II includes a summary of additional audit-related activity.*

ATTACHMENT I

Additional Investigative Activity July 1, 2016 – June 30, 2017	
PROJECT	SUMMARY
2016/17-0001	The Pasco Sheriff's Office notified OIG of identity theft that resulted in the filing of a fraudulent Reemployment Assistance (RA) claim. OIG provided the report to the Benefit Operations, Fraud Intelligence Rating and Rules Engine (FIRRE) unit for appropriate action.
2016/17-0002	OIG received a complaint from the Florida Department of Agriculture and Consumer Services regarding the complainant's RA appeal. OIG referred the complaint to the RA Appeals office, which assisted the claimant with re-opening the appeal and scheduling a new hearing.
2016/17-0005	The Office of the Chief Inspector General referred an anonymous complaint to OIG concerning employee misconduct for review and action deemed appropriate. The anonymous complaint was referred to management and OIG conducted a survey of the unit involved.
2016/17-0006	The Office of the Chief Inspector General referred allegations to OIG that a workforce services participant was discriminated against. OIG referred the complaint to the DEO Office for Civil Rights (OCR). The complaint was addressed by OCR in conjunction with the Office of One-Stop Program Support.
2016/17-0011	RA program management notified OIG of a potential threat of violence against DEO. OIG reviewed documentation including a letter from an RA claimant that included threatening language. The OIG referred the matter to the Tallahassee Police Department and the Florida Department Law Enforcement. OIG also conducted a background check and reviewed RA records to determine if any other threats had been made by the individual.
2016/17-0012	The guardian of a Local Workforce Development Board (LWDB) services participant alleged that a LWDB caseworker subjected the participant to discrimination and would not allow him to participate. OIG referred the complaint to the DEO Office for Civil Rights.
2016/17-0014	A Workforce Services participant alleged that a training provider failed to provide training. After interviewing the complainant, OIG determined that the issue was programmatic and referred him to work with the Local Workforce Development Board to seek an alternate training provider.
2016/17-0015	The Office of the Chief Inspector General referred allegations of sexual harassment to OIG. OIG referred the complaint to DEO's Office for Civil Rights, which conducted an investigation and found the allegations to be unsubstantiated.
2016/17-0016	The Office of the Chief Inspector General referred allegations of hiring discrimination to OIG. The OIG attempted to coordinate a date and time to

	interview the complainant with her counsel present. Neither the complainant nor her counsel responded.
2016/17-0021	A jobseeker filed a complaint with OIG reporting he was subjected to an employment scam after creating a profile on the State's labor exchange, EmployFlorida.com. OIG determined that the jobseeker was a victim of a known fraud. The jobseeker advised OIG he would work with local law enforcement.
2016/17-0022	OIG received a complaint from the Attorney General's office regarding an RA claimant's dispute over a debt. OIG referred the complaint to the RA Benefit Payment Control section which contacted the complainant.
2016/17-0023	OIG received allegations of unpaid wages from a citizen and referred the complainant to the United States Department of Labor Division of Wage & Hour for assistance.
2016/14-0024	A group of DEO employees alleged that their supervisor subjected them to intimidation and harassment. OIG referred the complaint to the Office for Civil Rights (OCR).
2016/17-0027	A DEO employee alleged discrimination based on age and denial of veteran's preference in hiring. OIG referred the complaint to the Office for Civil Rights (OCR). Upon completion of the OCR investigation, OIG will review the report and determine if any further action is warranted by this office.
2016/17-0029	A DEO employee alleged retaliation. OIG referred the complaint to the Office for Civil Rights (OCR) for investigation. Upon completion of the OCR investigation, the OIG will review the report and determine if any further action is warranted by this office.
2016/17-0030	A DEO employee alleged retaliation and unfair hiring practices. OIG referred the complaint to DEO Office for Civil Rights (OCR) for investigation. The OCR dismissed the complaint and found the allegations of discrimination to be unsubstantiated.
2016/17-0035	The Office of the Chief Inspector General referred a complainant to OIG involving Community Development Districts. OIG contacted the complainant and explained that OIG had no jurisdiction over the issue.
2016/17-0039	A citizen reported irregular labor practices by a private employer. OIG referred the citizen to the United States Department of Labor Wage & Hour Division.
2016/17-0041	A DEO employee alleged discrimination in hiring/promotion based on his race and sex, in addition to working out of class as a Career Service employee. OIG referred the complaint to DEO's Office for Civil Rights (OCR) for review. OCR found the allegations to be unsubstantiated.
2016/17-0042	A DEO employee alleged disability discrimination and hostile work environment. OIG referred the complaint to DEO's Office for Civil Rights (OCR). Upon completion of the OCR investigation, OIG will review the report and determine if any further action is warranted by this office.
2016/17-0045	A former employee of a company receiving training funds from an LWDB complained to OIG that the company was not providing training to those hired through the LWDB. OIG referred the matter to executive leadership of the Board.

2016/17- 0049	The Office of the Chief Inspector General referred a complaint from an LWDB customer alleging that staff was unfair in denying her services for Supplemental Nutrition Assistance Program training. OIG referred the complaint to Workforce Services.
2016/17-0063	A DEO employee alleged he was retaliated against by a DEO Administrator. OIG referred the complainant to the Florida Commission on Human Relations.
2016/17-0067	The Office of the Chief Inspector General referred a complainant to OIG who alleged retaliation. OIG determined it had previously investigated a similar allegation. In that investigation, OIG substantiated a violation of DEO's Ethics Policy.
2016/17-0070	OIG received a complaint from a DEO employee that her supervisor and a co-worker abused their authority and subjected her to retaliation. The OIG referred the complaint to the Florida Commission on Human Relations.
2016/17-0071	OIG received an anonymous allegation stating that a DEO supervisor engaged in unfair hiring practices. OIG confirmed that the Career Service vacancies outlined in the complaint were advertised and filled through a competitive selection process and that a rubric was used in the selection process.
2016/17-0072	A complainant alleged he was misinformed about the wages for a job received through an LWDB. OIG referred the complaint to the LWDB Executive Director, who determined that the employer falsely reported starting wages to the LWDB. The Board ended the relationship with the employer.
2016/17-0073	An LWDB employee filed a complaint with the LWDB central office alleging that a DEO employee continued to address her inappropriately after she asked him to stop. OIG obtained a report from the LWDB Equal Opportunity Officer and provided it to the DEO Office of Human Resource Management.
2016/17-0075	An employee of an LWDB alleged discrimination. OIG referred the complainant to the DEO Office for Civil Rights.
2016/17-0077	A DEO RA Benefit Payment Control (BPC) employee alleged inefficiencies in communication between DEO BPC and the State courts resulting in returned restitution checks and failure to update the court on restitution repayments. OIG referred the concern to RA program management. The BPC program reported that it is the offender's responsibility to advise the court and/or probationary officer of any repayments that are made through 3rd Party offset.
2016/17-0079	OIG received an anonymous complaint alleging that a DEO contractor engaged in inappropriate workplace behavior. OIG obtained information from the contractor and communicated with the anonymous complainant who requested no further involvement.
2016/17-0082	A business owner seeking to provide services through an LWDB alleged that the executive director was unhelpful because he had a problem with women. OIG referred the complainant to the DEO Office for Civil Rights (OCR). OCR determined that the complainant was not subject to discrimination.
2016/17-0083	OIG received a complaint from the Department of Children & Families regarding a Supplemental Nutrition Assistance Program participant who alleged his case was mishandled by a caseworker. OIG referred the complaint to the DEO One-Stop Program Support Office.

2016/17-0085	An LWDB program participant alleged he was denied grievance forms and program services. OIG referred the complaint to the LWDB Vice President of Operations and Equal Opportunity Officer who determined that the participant was provided the services requested and that he received grievance forms.
2016/17-0086	OIG received an anonymous complaint alleging that an employer receiving funds from an LWDB was misclassifying workers as independent contractors. OIG referred the complaint to the Department of Revenue and to the LWDB for action deemed appropriate.
2016/17-0087	OIG received a complaint alleging that an economic incentive recipient improperly distributed the funds received. DEO records showed no payments were ever made to the recipient by DEO.
2016/17-0090	An individual dually employed with DEO and an LWDB alleged retaliation. OIG determined the issues presented fell within the jurisdiction of the Florida Commission on Human Relations (FCHR). The complainant submitted the allegations to FCHR.
2016/17-0094	A DEO employee alleged that program management unfairly upgraded select employees' positions and increased their pay. OIG referred the complaint to the DEO Office of Human Resource Management.
2016/17-0095	A state employee alleged that his former spouse fraudulently used his information to obtain Supplemental Nutrition Assistance Program benefits. OIG referred the complaint to the Department of Children and Families.
2016/17-0096	A DEO employee alleged two other employees were engaged in conflict between themselves. OIG referred the complaint to the program administrator.

ATTACHMENT II

Additional Audit-Related Activity July 1, 2016 – June 30, 2017	
PROJECT	DESCRIPTION
2016/17-0019	Coordinated a six month follow-up response to the Auditor General's (AG's) 2014-15 Federal Awards Audit.
2016/17-0044	Completed the review of Florida Housing Finance Corporation quarterly performance reports as provided by sections 420.0005 and 420.0006, Florida Statutes.
2016/17-0052	Coordinated a six month follow-up response to the AG's Workforce Services Monitoring Audit.
2016/17-0054	Coordinated a six month follow-up response to the AG's Comprehensive Risk Assessment.
2016/17-0057	Coordinated a six month follow-up response to the AG's RA Claims and Benefits IT Audit.
2016/17-0061	Worked as a liaison with the AG during the operational audit of the Division of Strategic Business Development.
2016/17-0068	Worked as a liaison to coordinate a follow-up response to the FDLE-CJIS Non-Criminal Justice Agency Technical Audit.
2016/17-0080	Coordinated a six month follow-up response to an OPPAGA review of Enterprise Florida, Inc., and DEO.
2016/17-0084	Worked as a liaison with the AG during the 2016-17 Federal Awards Audit.
2016/17-0088	Worked as a liaison with OPPAGA during their audit of the Entertainment Industry Financial Incentive Program, Sales Tax Exemption Program, Visit Florida, and the Florida Sports Foundation.
2016/17-0093	Conducted a six month follow-up on OPPAGA's Florida Economic Development Program Evaluations - Year 4 Report.
2016/17-0097	Worked as a liaison with the AG during the operational audit of the RA Claims and Benefit Information system.

~ End of Report ~