

# Office of Inspector General



## Annual Report for Fiscal Year 2017-2018

Report Number: S-1819-13  
September 28, 2018

Eric M. Larson  
State CIO/Executive Director

Tabitha A. McNulty  
Inspector General



**State of Florida  
Agency for State Technology  
Office of Inspector General**

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Rick Scott  
Governor

Eric M. Larson  
State CIO/Executive Director

Tabitha A. McNulty  
Inspector General

September 28, 2018

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Agency for State Technology  
4050 Esplanade Way, Suite 115  
Tallahassee, Florida 32399-0905

Eric W. Miller, Chief Inspector General  
Executive Office of the Governor  
The Capitol, Suite 1902  
Tallahassee, Florida 32399-0001

Dear State Chief Information Officer Larson and Chief Inspector General Miller:

I am pleased to submit the Office of Inspector General's Annual Report for the fiscal year ending June 30, 2018, as required by section 20.055, Florida Statutes. This report highlights the accomplishments, findings, and recommendations of activities completed during the 2017-2018 fiscal year.

I look forward to continuing to work with both of you and the opportunities the current fiscal year presents as we move forward in ensuring accountability, integrity, efficiency, and effectiveness in fulfilling the Agency's mission and strategic goals.

Thank you for your continued support of the Agency's Office of Inspector General.

Sincerely,

Tabitha A. McNulty, CISA, CIG, CIGA  
Inspector General

TAM

cc: Sherrill F. Norman, CPA  
Florida Auditor General

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## Introduction and Background

Section 20.055, Florida Statutes, requires that each Governor's agency inspector general submit to the agency head and the Chief Inspector General an annual report, no later than September 30 of each year. The report summarizes activities during the preceding state fiscal year. The report includes, but is not limited to the following:

- Summary of each audit and investigation completed during the reporting period;
- Description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period; and
- Description of recommendations for corrective action made by the Office of Inspector General (OIG) during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the State Chief Information Officer/Executive Director (State CIO) and the Chief Inspector General in accordance with the statutory requirement.

### Agency for State Technology Responsibilities

The Agency for State Technology (Agency) was created in July 2014 and was given the following duties and functions:

- Develop and publish information technology policy for the management of the state's information technology resources;
- Establish and publish technology architecture standards and assist state agencies with compliance with the standards;
- Establish project management and oversight standards for state agencies to use when implementing information technology projects;
- Perform project oversight on all state agency information technology projects that have a total cost of \$10 million or more;

- Identify opportunities for standardization and consolidation of information technology services; and
- In collaboration with the Department of Management Services, establish best practices for the procurement of information technology products, and participate in evaluating, conducting and negotiating competitive solicitations for state term contracts for information technology commodities, consultant services, or staff augmentation.

### Office of Inspector General Responsibilities

The OIG's mission is to assist the State CIO and Agency management in achieving success through technology by using a systematic, disciplined approach to evaluate and improve the effectiveness of the Agency's risk management, controls, and governance processes.

The specific statutory duties and responsibilities of the OIG according to section 20.055, Florida Statutes, includes:

- Assess the reliability and validity of the information provided by the Agency on performance measures, standards, and procedures for evaluating Agency programs;
- Assess the reliability and validity of performance measures and make recommendations for improvement;
- Review the actions taken by the Agency to improve program performance and meet program standards, while making recommendations for improvement, if necessary;
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the Agency's operations;
- Conduct, supervise, and coordinate other activities to promote economy and efficiency or designed to prevent and detect fraud, waste, and abuse in the Agency;
- Keep the State CIO and the Chief Inspector General informed concerning fraud, waste, abuse, and deficiencies in programs and operations administered or financed by the Agency, recommend corrective action, and report on the implementation of the corrective action;
- Ensure effective coordination and cooperation between the Auditor General, federal auditors and other government bodies, with a view toward avoiding duplication;
- Review, as appropriate, Agency rules and make recommendations relating to their impact;
- Ensure that an appropriate balance is maintained between audits, investigations, and other accountability activities; and
- Comply with the *General Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General.

## Office of Inspector General Organizational Profile

To carry out the duties and responsibilities of the OIG, the inspector general is under the general supervision of the agency head for administrative purposes, and reports to the Chief Inspector General within the Executive Office of the Governor. At the end of the 2017-2018 fiscal year, there was one professional/technical staff person appointed to the office, the agency inspector general.

## Staff Qualifications

The inspector general has background and experience in a variety of disciplines in both the public and private sectors. These disciplines include accounting, auditing, program evaluation, and management. She possesses professional certifications and participates in a number of professional organizations. Below is a summary of certifications and professional organizational affiliations maintained by the inspector general:

### **Certifications**

Professional certifications held include:

- Certified Information Systems Auditor (CISA)
- Certified Inspector General (CIG)
- Certified Inspector General Auditor (CIGA)

### **Professional Organization Affiliations**

The inspector general is affiliated with:

- The Association of Inspectors General
- ISACA
- The Institute of Internal Auditors, Inc.
- Florida Chapter, Association of Inspectors General
- Tallahassee Chapter, ISACA
- Tallahassee Chapter, The Institute of Internal Auditors, Inc.

## Continuing Professional Education and Development

The inspector general has a personal responsibility to achieve and maintain the level of competence required to perform the respective duties and responsibilities of the office. The

inspector general stays current with trends in internal auditing and investigations to maintain professional proficiency through the membership in these various professional organizations.

As required by statute, the OIG performs work in accordance with the *International Standards for the Professional Practice of Internal Auditing*, as published by The Institute of Internal Auditors, Inc. and/or *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General. These standards require staff to maintain proficiency through continuing professional education and training. The required training hours are met by participating in professional affiliation conferences, webinars, and luncheons.

## Major Functions within the Office of Inspector General

### Investigations

Investigations is responsible for management and operation of administrative investigations designed to detect, deter, prevent, and/or eradicate fraud, waste, mismanagement, misconduct, and other abuses involving the Agency's employees, contractors, and vendors. Investigations are conducted in accordance with the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General. Investigations are usually the result of a complaint or inquiry.

Inquiries and complaints regarding Agency activities may be received from many sources, including:

- Whistle-blower's Hotline,
- Office of the Chief Inspector General,
- Executive Office of the Governor,
- Agency employees, and
- Others doing business with the agency.

A thorough fact-finding investigation determines whether an alleged violation of law, rule, or policy actually occurred. These investigations may include witness(es) and subject interviews, review of documentation, and observations.

Allegations are proved, by a preponderance of the evidence. An investigative report is published for all opened investigations and Agency management may use the report for disciplinary or corrective action.

When the inspector general receives a complaint without enough specificity to determine whether an investigation should be opened, but it appears serious enough, a preliminary

review is conducted in an attempt to acquire additional facts. If enough information is gathered, then the preliminary inquiry may result in an investigation.

## Internal Audit

Internal Audit performs independent, objective audits, reviews, and examinations to provide management with information on the adequacy and effectiveness of the Agency's internal controls and the economy, efficiency, and effectiveness of the Agency programs, activities, and functions. Additionally, the reports identify, report, and recommend corrective actions to improve the Agency's services, activities, and functions.

Audits, reviews, and examinations are performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*, as published by The Institute of Internal Auditors, Inc. These standards provide a framework for ensuring independence, objectivity, and due professional care in the performance of internal audit work.

To ensure adequate coverage of the many Agency activities and to support management, internal audit conducts a risk assessment to create an annual audit plan. The assessment ensures that the inspector general is responsive to management's concerns and that those activities with the greatest risks are identified and scheduled for review. However, the State CIO or Chief Inspector General may request the inspector general to perform an audit or review of a program, function, or organizational unit.

Additional functions of internal audit are as follows:

- ✚ Conduct Performance Audits to ensure effectiveness, efficiency, and economy of Agency services;
- ✚ Provide Management Assistance Services to advise management on emerging issues and concerns;
- ✚ Coordinate Audit Responses and conduct Follow-up Audits to findings and recommendations made internally by the inspector general or externally by the Auditor General, Office of Program Policy Analysis and Government Accountability (OPPAGA), and other oversight units; and
- ✚ Assist management in the development of Performance Measures and assess the reliability and validity of the Agency's information on performance measurement and standards.

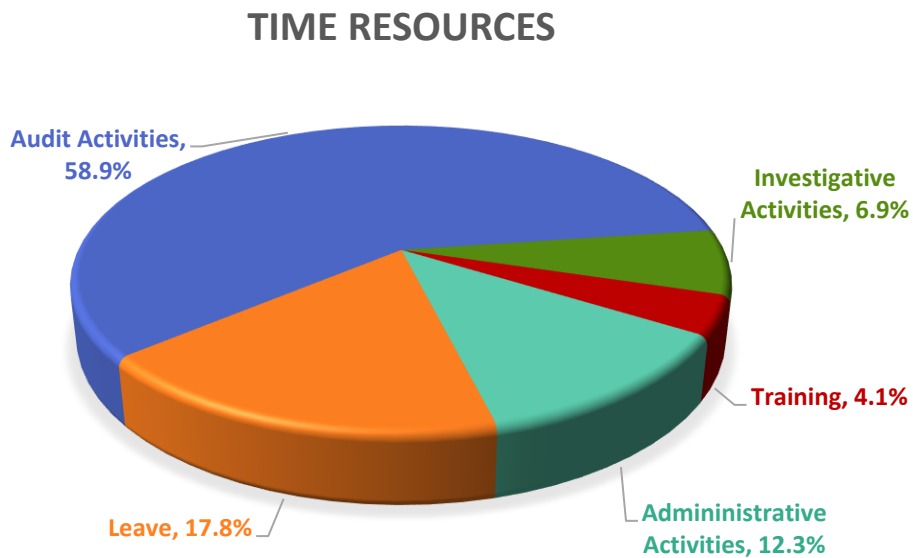


## Accomplishments

During Fiscal Year 2017-2018, the inspector general accomplished the following work:

Activity	Quantity
Complaints Received and Reviewed	12
Investigations Completed	1
External Audits Coordinated	10
Customer’s External Audits Coordinated	7
Agency External Audit Findings Reviewed and Closed	10
Performance Audit Completed	1

To accomplish these activities, the inspector general’s time resources are shown in the following chart:



## Summary of Projects

A summary of the major activities of the OIF during fiscal year 2017-2018 follows:

### Audit Activities

During the fiscal year the inspector general issued one audit report with recommendations that was consistent with the *International Standards for the Professional Practice of Internal*

*Auditing*, as published by The Institute of Internal Auditors, Inc. The highlights of the audit are below:

*Audit of the Agency for State Technology's Continuity of Operations Planning (COOP) Process and Plan – Report No. A-1617-36*

Continuity of operations planning (COOP) is intended to help protect assets (people, property, operations); sustain capability to provide services to customers; facilitate a timely and orderly resumption of critical operations; and provide the ability to meet legal, regulatory, and contractual obligations in the event of an emergency of situation that disrupts normal operations.

The objectives of this engagement were to:

- ✚ Determine whether the COOP was in compliance with applicable laws, rules, and implementations guidance;
- ✚ Determine potential efficiencies that could improve the COOP process;
- ✚ Review and follow-up on open external audit findings; and
- ✚ Evaluate the responsibilities and knowledge of the positions involved with COOP.

The audit results found that the Agency COOP needed to be enhanced to include all key elements and requirements recommended by multiple best practice guidance. The recommendation was that the Agency complete the key components of Risk Assessment, Risk Mitigation, and Business Impact Analysis to further enhance the COOP and provide for predictable and seamless execution. The results further found that the required Emergency Coordination Officer (ECO) and alternate were the Executive Director and the Chief Operations Officer, both members of the senior leadership team expected to provide leadership, direction and decisions for the Agency at all times, but especially during a time of emergency. Therefore, the OIG recommended that the Executive Director appoint a new ECO and alternate.

The OIG also made two management comments directed at the business location of the COOP coordinator and that the COOP coordinator and manager receive specific training in business continuity. Lastly, at the request of management to determine if there were specific tools available that would help with the maintenance and management of COOP. The OIG provided an opportunity for improvement that there are applications that may provide a more efficient way to maintain the COOP information.

*Follow-up to Open Audit Findings and Recommendations*

The inspector general reviewed and conducted follow-up audit work on reports issued by the Auditor General. These reviews included follow-up on 23 open audit findings and remediation

was completed for 10. The inspector general completed the work on the following issued Auditor General reports:

- ✚ *State Data Center Operations* - Report No. 2017-087
- ✚ *Comprehensive Risk Assessments at Selected State Agencies* - Report No. 2017-004
- ✚ *State Data Center Cost Allocation Processes* – Report No. 2017-208

## Investigation Activities

The inspector general received 12 complaints during the year. These complaints ranged from inability to get or find information, employee concerns, lost equipment, and violations of employee conduct standards. Through the preliminary inquiry process, the inspector general opened one new investigation. Additionally, during the year, the inspector general completed one investigation

### *Investigative Report – I-1617-29*

The inspector general received a complaint that alleged an employee had threatened, via text message, to take down a customer's information technology infrastructure. Through the investigative process that included documents reviewed and conducting interviews the allegation against the employee was not sustained.

## Other Items

### *Computer Security Incident Response Team*

The inspector general is also required to serve as a member of the Computer Security Incident Response Team (CSIRT) for the Agency. CSIRT is a response unit that performs functions in regard to mitigating and investigating apparent information security incidents to minimize damage to the agency's computer systems, networks, and data. The CSIRT is required to meet quarterly, have specific training, and respond to events.

### *Customer Audit and Investigation Coordination*

The inspector general was the central point of contact for customers to when they had a need for external or internal audit support. During the fiscal year the following agencies requested help or coordination with audits between the Agency and their external auditors:

- Department of Children and Families
- Department of Transportation
- Department of Highway Safety and Motor Vehicles

- Department of Revenue
- Department of Business and Professional Regulation

During the fiscal year, the Agency hired a Director of Compliance, Risk, and Audit. The Director became the primary coordinator of customer audits. As such the inspector general has stepped away from providing response and remediation updates.

#### *Quarterly Reporting to the Legislature*

Pursuant to proviso in Specific Appropriation 2932 to 2944 in the 2017-2018 General Appropriations Act, the Agency was required to submit quarterly reports detailing the progress of the corrective action plans implemented to address the audit findings and recommendation identified in Auditor General Report Number 2017-087. The inspector general prepared this quarterly report for management. The number of follow-up on audit findings above does not include the multiple times these findings were reviewed, they were only included for the six-month follow-up.

## Annual and Long-term Work Plans

Section 20.055(5)(i), Florida Statutes, requires that annual and long-term audit plans be developed based on the findings of periodic risk assessments. The purpose of developing the Annual Work Plan is to identify, select, and plan the allocation of resources for the upcoming year, based on the assessment. The overriding consideration during the development of the annual plan is to provide the greatest benefit to the Agency with the OIG's very limited resources.

### Annual Work Plan

State CIO Larson approved the Annual Work Plan, on September 25, 2018. The 2080 hours available for the fiscal year are allocated in the chart as follows:

#### Work Plan for Fiscal Year 2017-2018

Audit Activities	Hours
Purchasing Card Audit	150
Common Controls Audit	206
Microsoft Reseller Contract Review [Work in Progress]	50
Performance Measure Review	10
External Audit Coordination	250
Audit Follow-up Activities	125
Enterprise Projects (Requested by the Chief Inspector General)	50
<b>Subtotal</b>	<b>841</b>

<b>Investigation Activities</b>	<b>Hours</b>
Complaint Intake, Preliminary Inquiries, and Investigations	250
Computer Security Incident Response Team	25
Subtotal	275

<b>Internal Reports</b>	<b>Hours</b>
Annual Risk Assessment and Work Plan for FY 2018-2019	70
Annual Risk Assessment and Work Plan for FY 2019-2020	10
Annual Report	20
Audit Charter Updates	10
Schedule IX – Major Audit Findings and Recommendations	14
Legislative Reporting	15
Subtotal	139

<b>Office Management</b>	<b>Hours</b>
Administrative Duties	250
Update Policies and Procedures	20
New System Implementation	100
Public Records Requests	5
Subtotal	375

<b>Training</b>	<b>Hours</b>
Professional Training	45
Staff Development	45
Subtotal	90

<b>Holiday and Leave</b>	<b>Hours</b>
Annual Leave	176
Sick Leave	104
Holiday	80
Subtotal	360

<b>Total Hours Available</b>	<b>2,080</b>
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### Long-term Work Plan

For fiscal years 2019-2020 and 2020-2021, the OIG plans to ensure that provided services will be of the most benefit to the Agency. The goal is to achieve and maintain an appropriate balance between audit, investigation, and other accountability activities.

If the OIG continues to only have a single person, the OIG will continue to have 2,080 hours available for projects during the 2019-2020 and 2020-2021 fiscal years. In the Annual Audit Plan, the OIG explains that the Common Controls Audit is expected to extend over two or more

fiscal years with the number of controls in the combined standards. The OIG also foresees there will be several reports will be issued over the course of the project. Therefore, the OIG would expect to expend the available hours in the following activities:

#### Long-term Work Plan

Activity	Hours
Audit Activities	890
Investigation Activities	325
Internal Reports	140
Office Management	275
Training	90
Holiday and Leave	360
<b>Total Available Hours</b>	<b>2,080</b>

If the OIG were to gain an additional employee, there would be 4,160 available hours for projects during the 2019-2020 and 2020-2021 fiscal years. The OIG would expect to expend the additional hours as follows:

#### Long-term Work Plan with Two Employees

Activity	Hours
Audit Activities	2,115
Investigation Activities	550
Internal Reports	195
Office Management	400
Training	180
Holiday and Leave	720
<b>Total Available Hours</b>	<b>4,160</b>

However, the long-term plans are subject to change based on the results of the periodic risk assessment and to be responsive to the concerns of both the State CIO and Chief Inspector General.



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