

June 28, 2023

Dave Kerner
Executive Director
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Director Kerner:

I am submitting for your review and approval the Annual Audit Plan for the Office of Inspector General, pursuant to Section 20.055, Florida Statutes, Department of Highway Safety and Motor Vehicles Policy Number 11.07, and *The International Standards for the Professional Practice of Internal Auditing*. The Audit Plan for the 2022-23 Fiscal Year was developed based on a risk assessment conducted by the Office of Inspector General and input from management. Audit projects included address the major risks and operations of the Department and optimizes the use of our audit resources.

With your approval, we will implement the Annual Audit Plan for the 2023-24 Fiscal Year. Upon approval, copies of this plan will be submitted to the Governor's Chief Inspector General and the Auditor General. Thank you for your continued support.

Sincerely,



Mike Stacy
Inspector General

Approved: 
Dave Kerner, Executive Director



Risk Assessment and Annual Audit Plan for the 2023-24 Fiscal Year

July 1, 2023

Introduction

The authority and responsibilities of the Office of Inspector General are established in Section 20.055, Florida Statutes (F.S.). The Inspector General reports functionally and administratively to the Department of Highway Safety and Motor Vehicles (Department) Executive Director. The Office of Inspector General has a responsibility to inform and advise management of significant deficiencies or other substantive issues noted during its activities.

The Office of Inspector General, Internal Audit Section, is an independent, objective assurance, and consulting activity designed to add value and improve the Department's operations. It helps accomplish Department objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

All operations of the Department may be subject to audit. The Office of Inspector General has the following reporting responsibilities:

- Provide individual audit results to appropriate management on a timely basis relative to significance;
- Apprise the Department's Executive Director and executive management on progress made in addressing previously reported matters;
- Develop annual and long-term audit plans based on risk assessment results;
- Monitor management's process for ensuring compliance with the Department's *Code of Ethics*; and
- Assist management in fulfilling their responsibilities regarding financial reporting and internal control assertions and certifications.

Mission Statement

The mission of the Office of Inspector General is to build public confidence through integrity, accountability, and efficiency within the Department through audits and investigations, both criminal and administrative, that detect fraud, waste, abuse, and administrative violations.



Risk Assessment and Annual Audit Plan

Each year, the Office of Inspector General performs a risk assessment of the Department to identify areas with the highest level of risk. Risk is any threat to achieving the Department's mission or the likelihood that an event or action may negatively affect the Department. Our risk assessment included interviewing 41 of the Department's senior managers and executive leaders to gather their perspectives on the Department's current risks and exposures.

Interview questions included:

- seven focused questions relating to business area risk and concerns;
- two broad questions relating to fraud, waste, abuse, and noncompliance; and
- one specific question relating to improvement of Office of Inspector General services.

In addition to the questions detailed above, 61% of the senior managers and executive leaders interviewed were asked four additional questions pertaining to cybersecurity. The Department's Chief Information Officer and Information Security Manager were asked an additional five questions unique to their role regarding cybersecurity risks and controls.

Other matters considered during the risk assessment and development of the annual audit plan included:

- Personnel hours and resources available;
- The dates and results of prior engagements;
- Updated assessments of risks and effectiveness of risk management and control processes;
- Requests by the Executive Director and executive management;
- Current changes in Department business, organizational structure, performance, operations, program systems, and controls;
- Opportunities to achieve more efficient and effective operating benefits;
- Opportunities to improve risk management, control, and governance processes, and reduce opportunities for fraud-related incidents;
- Statutorily required follow-up to external audits and reviews;
- Opportunities to improve Department governance of information technology resources; and
- Cybersecurity risk management and controls.



Carry Forward Projects from the 2022-23 Fiscal Year

RADNUC Program

The Florida Highway Patrol (FHP) Radiological Nuclear (RADNUC) program is aimed at protecting Florida through the preventative detection of radiological or nuclear threats. FHP's Commercial Vehicle Enforcement (CVE) troopers deploy an array of detection and identification equipment to detect illicit shipments of radiological or nuclear materials transported throughout the state. This detection equipment is used as a passive monitor while on patrol, at special event venues, and at intelligence-driven locations. When radiological materials are detected, CVE Troopers use Federal transportation regulations found in Code of Federal Regulations Title 49 and state law found in Section 404.20, F.S., to determine shipment compliance.

The objective of this engagement is to evaluate the efficiency and effectiveness of the RADNUC program and compliance with applicable laws, Department policy and procedure.

International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) Audit Program

Florida is required by US Code Title 49, Subtitle VI, Part B, Chapter 317, to maintain its commercial motor vehicle registration and fuel use tax reporting laws and programs in conformance with IFTA and IRP. As a participant in the IFTA/IRP, the Department conducts audits of the quarterly fuel tax returns and the annual registration applications filed by Florida-based carriers on behalf of all 48 contiguous states and the 10 provinces of Canada. IFTA/IRP audits are designated to uniformly enforce compliance with IFTA/IRP agreements and Florida law, promote voluntary compliance, and educate registrants/taxpayers.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of the IFTA/IRP audit program and determine compliance with applicable laws and Department policy and procedure.

Dealer Temporary License Plates (Tags)

Temporary plates are license plates intended for temporary use. The most common type of temporary plates is dealer plates which a vehicle dealer issues when a vehicle is purchased. Dealer-issued temporary license plates allow the vehicle to be legally driven off the sales lot. Temporary license plates are typically valid for 30 days, during which time the dealer will apply for a title and registration for the new owner. Owners



are then responsible for getting their standard license plate once they have received the title and registration.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of the Department's oversight of the dealer temporary license plate issuance process and compliance with applicable laws, Department policy and procedure.

Document Validation Unit

Section 322.08, F.S., requires a customer's citizenship/legal presence in order to issue a driver's license. The Division of Motorist Services requires that driver licenses and identification cards are issued only after accepting appropriate documentation from non-U.S. citizens to establish immigrant and non-immigrant status. The mission of the Document Validation Unit is to coordinate lawful status verification for non-U.S. citizens.

The objective of this engagement is to evaluate the efficiency and effectiveness of the Document Validation Unit and compliance with applicable laws, Department policy and procedure.

Application Programming Interface Security

Application Programming Interfaces (API) are web endpoints used to connect services and transfer data, often to third parties. Data breaches can occur due to misuse of API, and because of API that are broken, exposed, or hacked.

The objective of this engagement is to evaluate the efficiency and effectiveness of API controls and compliance with best practices, applicable laws, Department policy and procedure.

Identity and Access Management

Chapter 60GG-2.003(1), Florida Administrative Code (F.A.C.), requires each state agency to ensure that access to information technology resources is limited to authorized users, processes, or devices, and to authorized activities and transactions.

The objective of this engagement is to evaluate Department controls and compliance with Rule 60GG-2.003(1), F.A.C., *Identity Management, Authentication, and Access Control*.



FHP Smoke/Fog Road Closure Process

Section 321.05(1), F.S., provides FHP with the authority and responsibility to patrol the state highways and regulate, control, and direct the movement of traffic thereon. FHP responds to smoke hazards and fog on Florida's state highways and evaluates the need for precautions necessary to minimize loss of life and property. FHP policy 17.30, *Road Closure Guidelines*, provides guidance for assessing the need to close a roadway and for determining the appropriate time to reopen a roadway. This process includes soliciting input from external entities, exercising command and control of Troop personnel, and providing oversight, communication, and documentation.

The objective of this consulting engagement is to review and evaluate the smoke/fog road closure process and determine compliance with applicable laws, Department policy and procedure.

Motor Carrier Safety Assistance Program Grant Overtime

The Federal Motor Carrier Safety Administration's, Motor Carrier Safety Assistance Program (MCSAP), is a federal grant program that provides financial assistance to states to reduce the number and severity of crashes and hazardous materials incidents involving commercial motor vehicles. The Department's Office of CVE is responsible for commercial motor vehicle operations in Florida. A limited amount of MCSAP funds may be allocated for expenditures associated with overtime, either incidental or planned, to conduct eligible MCSAP activities.

The objective of this consulting engagement is to assess the monitoring of MCSAP grant overtime and compliance with applicable laws, Department policy and procedure.

Planned Audits for the 2023-24 Fiscal Year

FHP Fleet Operations

Section 321.05, F.S., establishes the duties and functions of members of the FHP, which include patrolling the state highways and regulating, controlling, and directing the movement of traffic, apprehending fugitives from justice, and enforcing all laws regulating and governing traffic, travel, and public safety on public highways. Motor vehicles are essential assets for FHP members to achieve the Department's mission and objectives.



The Department maintains one of the largest state agency fleets with approximately 2,258¹ active patrol vehicles. Motor vehicles are assigned to all sworn members in order for the member to respond to law enforcement responsibilities at all times. FHP policy 6.03, *Vehicle Equipment and Maintenance*, requires each patrol vehicle to be uniformly equipped with proper and adequate equipment necessary to fulfill law enforcement duties and responsibilities. Legislative appropriations for the acquisition and operating cost of the FHP fleet total more than \$39 million for the 2023-24 Fiscal Year.

The objective of this engagement will be to review and evaluate the efficiency and effectiveness of the FHP fleet operations and determine compliance with applicable laws and Department policy and procedure.

Criminal Justice Incentive Program

Pursuant to Section 943.22, F.S., the Criminal Justice Incentive Program (CJIP) is designed to provide a monthly supplemental salary payment to law enforcement officers to reward educational and other career development activities that go beyond minimum position requirements. CJIP is paid as a supplemental payment and ranges from \$30 up to \$130 per month. While the Criminal Justice Standards and Training Commission² is responsible for the administration of the CJIP, the Department is responsible for applying the correct salary incentive payment and for annually reporting information relative to compensation to the Commission.

The objective of this engagement will be to review and evaluate the Department's responsibilities concerning the application of CJIP supplemental payments and determine compliance with applicable laws and Department policy and procedure.

Specialty License Plate Audit Unit

Specialty License Plates are license plates available to the public with unique designs that promote philanthropic and other causes and require payment of an additional annual use fee. Sections 320.08056, and 320.08058, F.S., authorize the issuance of the more than 144 specialty license plates Florida offers and specify the annual use fee for each plate. Specialty license plate recipient organizations are required to submit a Specialty License Plate Revenue, Expenditure, and Compliance Affidavit, or state single audit, to the Department annually.

¹ This figure does not include support, UC vehicles, units pending outfitting, retained forfeitures, disposed units, units pending salvage, aircraft, or motorcycles.

² Part of the Florida Department of Law Enforcement.



The Specialty License Plate Audit Unit in the Division of Motorist Services, Bureau of Motorist Services Support, is responsible for administering activities, functions, and processes for the specialty license plate program. The Specialty License Plate Audit Unit is also responsible for auditing and monitoring specialty license plate organizations to determine compliance with applicable laws and policies.

The objective of this engagement will be to review and evaluate the efficiency and effectiveness of the Specialty License Plate Audit Unit and determine compliance with applicable laws and Department policy and procedure.

Bureau of Administrative Reviews

Section 322.222, F.S., authorizes the Bureau of Administrative Reviews to conduct hearings to determine eligibility to reinstate license suspensions, cancellations, revocations, and other regulatory actions taken by the Department. The Bureau of Administrative Reviews is part of the Office of General Counsel and is comprised of approximately 75 positions in 8 offices around the state.

The purpose of this engagement will be to review and evaluate the efficiency and effectiveness of the Bureau of Administrative Reviews operations and compliance with applicable laws and Department policy and procedure.

Information Services Administration Contract Management

The Department's Information Services Administration (ISA) is a support division focused on delivering innovative information technology solutions and ensuring the Department has reliable, secure, and fiscally responsible information technology infrastructure. Several critical information technology contracts are managed by the ISA's Financial Services Support section and the Office of Motorist Modernization and are collectively valued at more than \$135 million.

Contract management includes the tools, training, and guidance needed to plan, execute and oversee contracts. It comprises the Department's policies, training, technical assistance, and quality assurance procedures related to contract administration and management. Contract managers are responsible for receiving financial and performance reports according to the contract terms, and ascertaining whether promised services are performed, time schedules are met, and payments are proper and timely.

The objective of this engagement will be to evaluate ISA's contract management and determine compliance with best practices, applicable laws, and Department policy and procedure.



Fuel and Maintenance Card Program (WEX Cards)

The Department has established, in conjunction with the Department of Management Services and the Department of Financial Services, a Fuel and Maintenance Card program. The Fuel and Maintenance Card program is a tool for managing the Department's fuel purchases and vehicle repairs under \$2,500. Fuel and maintenance cards may only be used for state-owned vehicles for official state-related purposes.

There are three methods of issuing fuel and maintenance cards, including vehicle cards assigned to a specific vehicle, driver cards assigned to a specific individual in a supervisor capacity, and office cards assigned to specific offices, namely office managers. Currently, there are 3,521 active fuel and maintenance cards. From July 1, 2022, through May 30, 2023, fuel and maintenance purchases totaled more than \$21 million.

The objective of this engagement will be to review and evaluate the Department's Fuel and Maintenance Card program and determine compliance with applicable laws and Department policy and procedure.

Purchasing Cards

The Department has a Purchasing Card program in conjunction with the Department of Management Services, the Department of Financial Services, and Bank of America, in order to improve procurement and payment transaction processing. The Purchasing Card program simplifies the purchasing process for low-dollar purchases, provides online accountability and purchasing information and reduces paperwork. Purchasing cards may only be used for official state-related purposes. Currently, there are 1,011 active purchasing card holders. From July 1, 2022, through May 30, 2023, purchasing card purchases totaled more than \$3.8 million.

The objective of this engagement will be to review and evaluate the Department's Purchasing Card program and determine compliance with applicable laws and Department policy and procedure.

Specialty License Plate Audits (12)

Sections 320.023 and 320.08062, F.S., grant the Department authority to examine all records relating to the use of specialty license plates and voluntary contribution funds.

The objective of these audits will be to determine compliance with applicable laws and policies related to the annual affidavits or single audit reports.



Planned Cybersecurity Audit for the 2023-24 Fiscal Year

Incident Response

Section 282.318, F.S., specifies each agency shall develop a process for detecting, reporting, and responding to threats, breaches, or cybersecurity incidents consistent with the security rules, guidelines, and processes established through the Florida Digital Service. Rule 60GG-2.005, F.A.C., requires each agency to establish and maintain response processes and procedures and validate execution capability to ensure the agency responds to detected cybersecurity incidents. Each agency is also required to coordinate response activities with internal and external stakeholders, as appropriate.

The objective of this engagement will be to review and evaluate the Department's plan for responding to threats, breaches, or cybersecurity incidents and determine compliance with applicable laws, Department policy and procedure, and generally accepted information technology best practices.

Planned Advisory Engagement for the 2023-24 Fiscal Year

Information Technology Governance

The International Standards for the Professional Practice of Internal Auditing, Standard 2110, requires that the internal audit activity assess and make appropriate recommendations to improve the organization's governance processes. Internal audit must assess whether the information technology governance of the organization supports the organization's strategies and objectives.

The objective of this engagement will be to review the Department's information technology governance structure and evaluate whether the process supports the organization's strategies and objectives.

Recurring Projects

Performance Measure Assessment

Section 20.055(2), F.S., requires each state agency's Office of Inspector General to perform a validity and reliability assessment of their agency's performance measures.



FHP Information and Evidence Fund

The Office of Inspector General conducts quarterly reviews to evaluate the internal controls over the FHP Bureau of Criminal Investigations and Intelligence Information and Evidence Fund and compliance with Florida Statutes, Department policies and procedures.

Compliance Reviews

The Office of Inspector General reviews reports submitted by DUI programs and assists Division of Motorist Services staff with reviews of single audit reports submitted by organizations that receive specialty license plate annual use fee proceeds and voluntary contributions.

FHP Intelligence Procedures Review

The Office of Inspector General conducts an annual review to assess and report on the FHP's internal audit of intelligence procedures. The assessment focuses on information collection, storage, purging, and the utilization of intelligence personnel and techniques.

Audit Follow-Up

Section 20.055, F.S., requires the identification of each significant recommendation described in previous audit reports for which corrective action has not been completed. The Office of Inspector General staff conducts follow-up assessments of outstanding items periodically until all corrective actions have been completed.

Agency Compliance with Executive Order 20-44

In accordance with the Governor's Executive Order 20-44, each executive agency shall require, from entities that meet specified criteria, an annual report detailing the total compensation for the entities' executive leadership teams. Each agency must identify entities named in statute with which a state agency must form a sole-source, public-private agreement or an entity that, through contract or other agreement with the state, annually receives 50 percent or more of their budget from the state or from a combination of state and federal funds. Each agency must submit evidence of compliance to their Office of Inspector General annually.

The objective of this review will be to evaluate the Department's compliance with the requirements of Executive Order 20-44.



Long-Term Work Plan (2024-25 and 2025-26)

Other Long-Term Audit Projects

- FHP Overtime Pay During Declared Emergencies
- Driver Education Curriculum Approval Process
- Information Technology Staff Augmentation Contracts
- System Deployment Process
- Agency Contracts

**FLHSMV - Office of Inspector General
Fiscal Year 2023-24 Audit Plan**

Audits	Budgeted Hours	Division	Source
Fleet Operations	550	FHP	Risk Assessment
Criminal Justice Incentive Pay	450	FHP	Risk Assessment
Specialty License Plate Audit Unit	450	MS	Risk Assessment
Incident and Threat Handling	450	ISA	Risk Assessment
Bureau of Administrative Reviews	450	OED	Risk Assessment
ISA Contract Management	350	ISA	Risk Assessment
WEX Cards	330	DAS	Risk Assessment
Purchasing Cards	330	DAS	Risk Assessment
Specialty License Plate Audits (12)			Risk Assessment
Unplanned Projects	375		Risk Assessment Management Request

Advisory Services

IT Governance	Budgeted Hours	Division	Source
	250	ISA	Risk Assessment/Audit Standard

Carry-Forward Projects

FHP RadNuc	400	FHP	Risk Assessment
Smoke/Fog Consulting Engagement	79	FHP	Risk Assessment
Dealer Temporary License Plates	75	MS	Risk Assessment
IFTA/IRP Audit Program	75	MS	Risk Assessment
Identity and Access Management	30	ISA	Risk Assessment
Document Validation Unit	20	MS	Risk Assessment
MCSAP Grant Overtime	20	FHP	Risk Assessment
Application Programming Interface (API)	10	ISA	Risk Assessment

Other Accountability Projects

Audit Follow-Up	200		Audit Standard 2500
Performance Measure Assessment	160		Required by s. 20.055 F.S.
Internal Quality Assessment <i>**external QAR year</i>	0		Audit Standard 1300
FHP I&E Audits	160		FHP Policy 9.01
BCII Intelligence Procedures	40		FHP Policy 22.03
DUI Compliance Reviews	80		Management Request
Single Audit Compliance Reviews	80		Management Request
Agency Compliance with EO 20-44	50		Required by EO 20-44

Total Hours 5,464
Available Staff Hours 5,464