

June 28, 2024

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 2024-25 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 2024-25 Fiscal Year. Upon approval, copies of this plan will be submitted to the Governor's Chief Inspector General and the Florida 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 2024-25 Fiscal Year

June 28, 2024

### Introduction

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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

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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 42 of the Department's senior managers and executive leaders to gather their perspectives on the Department's current risks and exposures.

Interview questions included:

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

In addition to the questions detailed above, 57 percent of the senior managers and executive leaders interviewed were asked five 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 2023-24 Fiscal Year

### **FHP Fleet Operations**

The Department maintains one of the largest state agency fleets with approximately 2,258<sup>1</sup> 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.

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

### **Specialty License Plate Audit Unit**

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, including auditing and monitoring specialty license plate organizations to determine compliance with applicable laws and policies.

The objective of this engagement is 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 purpose of this engagement is 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.

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



## **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 Commission<sup>2</sup> 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 is 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.

## **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.

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

## **Incident Response**

Rule 60GG-2.005, Florida Administrative Code (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.

The objective of this engagement is 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.

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<sup>2</sup> Part of the Florida Department of Law Enforcement.



## **FHP Smoke/Fog Road Closure Process**

FHP responds to smoke hazards and fog on Florida's highways and evaluates 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 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.

## **Specialty License Plate Audit – Protect Our Oceans Follow-up**

The purpose of this engagement is to determine corrective actions taken by the Guy Harvey Ocean Fund, Inc., in response to the Protect Our Oceans specialty license plate audit, Report 202122-20, dated February 25, 2022.

## **Planned Audits for the 2024-25 Fiscal Year**

### **Information Services Administration Vendor 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 Contract Management and Administrative Services section and the Office of Motorist Modernization and are collectively valued at more than \$142 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 vendor contract management and determine compliance with best practices, applicable laws, and Department policy and procedure.



## **FHP Contracted IT Services**

FHP enhances law enforcement efficiency and contributes to public safety and security through its use of information technology. FHP leverages information technology, including specialized applications, to facilitate efficient information sharing among troopers and other law enforcement agencies in Florida. Section 287.057, F.S., outlines the requirements for procuring contractual services.

The objective of this engagement will be to evaluate a sample of contracts relating to FHP's contracted IT services and determine compliance with contract requirements and deliverables, best practices, applicable laws, and Department policy and procedure.

## **Contract Compliance Audit**

Section 287.136, F.S., requires each agency inspector general to complete a risk-based compliance audit of all contracts executed by the agency for the preceding three fiscal years and to identify and evaluate any trend in vendor preference.

The objective of this audit will be to conduct a risk based compliance audit of contracts executed during the preceding three fiscal years and evaluate any trend in vendor preference as required by Section 287.136, F.S.

## **Funds From Not-at-Fault Crashes**

When a crash involving a Department vehicle occurs resulting in vehicle damage and the Department member was not at fault, the Department's Fixed Asset Section within the Bureau of Accounting files claims with the at-fault driver's insurance. The claims are filed after the vehicle repair or disposition has occurred. Recovered funds are deposited into the Highway Safety Operating Trust Fund. During the most recent fiscal year, the Department has recovered approximately \$124,364 in funds.

The objective of this audit will be to review and evaluate the Department's processes relating to recovering funds from not-at-fault crashes and determine compliance with applicable laws, and Department policy and procedure.

## **Motorcycle Safety Education Fee**

Section 320.08(1), F.S., states that upon registration of a motorcycle, motor-driven cycle, or moped, the Department must collect a nonrefundable motorcycle safety education fee of \$2.50 to be used for safety and education programs administered by three Florida not-for-profit corporations. The programs must promote motorcycle safety and education with the goal of reducing motorcycle injuries and deaths. The



Department has entered into contracts with three not-for-profit corporations to foster the creation and implementation of motorcycle safety education programs pursuant to Section 320.08(1)(d), F.S.

The objective of this audit will be to review and evaluate the motorcycle safety and education fee collection, distribution, and contract management, and to determine compliance with applicable laws and Department policy and procedure.

## **National Technology and Information Service (NTIS) Controls Review**

The Death Master File (DMF) is an official government dataset of deceased citizens maintained by the Social Security Administration. The DMF contains key identifying information for deceased individuals and is used by the Department as a fraud prevention tool. Access to the DMF requires certification through a program operated by the NTIS and requires a legitimate fraud prevention interest or a legitimate business purpose in order to access DMF information, as well as systems, facilities, and procedures in place to safeguard the information.

The objective of this engagement is to assess and attest to the Department's controls in compliance with the NTIS information security controls requirements and applicable laws, policies, and procedures.

## **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 2024-25 Fiscal Year**

### **Asset Management**

Rule 60GG-2.002(1), F.A.C., specifies that each state agency shall ensure IT resources are identified and managed. Identification and management shall be consistent with the IT resource's relative importance to agency objectives and the organization's risk strategy.

The objective of this engagement will be to review and evaluate the Department's controls and compliance with asset management requirements contained in the Florida





Cybersecurity Standards (Rules 60GG-2.001 through 60GG-2.006, F.A.C.), specifically, 60GG-2.002(1), F.A.C.

## 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.

### Internal Quality Assessment

The Office of Inspector General conducts an annual internal quality assessment review in the years when an external quality assessment review is not completed by the State of Florida Auditor General. This ensures consistent quality, as well as ongoing commitment to growth and improvement and provides management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards.

### 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 conducts follow-up assessments of outstanding items periodically until all corrective actions have been completed.

### FHP Information and Evidence Fund

The Office of Inspector General conducts 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. For the 2024-2025 Audit Plan, the Office of Inspector General will conduct a quarterly review for the quarter ending June 30, 2024 (April, May, and June 2024). Afterwards, the frequency of review will change to occur annually rather than quarterly.

### 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.

## **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 Training Academy Records Management
- Overtime Pay
- Customer Service Call Center Wait Time
- Public Records Management

**FLHSMV - Office of Inspector General  
Fiscal Year 2024-25 Audit Plan**

<b>Audits</b>	<b>Budgeted Hours</b>	<b>Division</b>	<b>Source</b>
Cybersecurity : Asset Management (Enterprise Project)	580	ISA	Required by Section 20.055, F.S.
Motorcycle Safety Education Fee	400	MS	Risk Assessment
FHP IT Contracted Services	400	FHP	Risk Assessment
Contracts Audit - Vendor Preference	400	DAS	Required by Section 287.136, F.S.
Funds from not-at-fault crashes	350	FHP	Risk Assessment
ISA Vendor Contract Management	350	ISA	Risk Assessment
NTIS Death Master File Controls Review	300	MS/ISA	Required by NTIS
Specialty License Plate Audits (12)	1316	MS	Management Request
Unplanned Projects	150		Management Request
<b>Carry-Forward Projects</b>			
SLP Audit Unit	150	MS	Risk Assessment
Criminal Justice Incentive Pay (CJIP)	150	FHP	Risk Assessment
FHP Fleet Management	100	FHP	Risk Assessment
Fuel Cards (WEX)	100	DAS	Risk Assessment
Bureau of Administrative Reviews (BAR)	100	OED	Risk Assessment
Smoke/Fog Consulting Engagement	20	FHP	Risk Assessment
SLP Protect our Oceans Follow-up	5	MS	Risk Assessment
Cybersecurity : Incident Response (Enterprise Project)	10	ISA	Required by Section 20.055, F.S.
<b>Other Accountability Projects</b>			
Audit Follow-Up	199		Global Internal Audit Standard 15.2
Performance Measure Assessment	120		Required by Section 20.055, F.S.
Internal Quality Assessment and Standards Implementation	300		Global Internal Audit Standards 12.1, 8.3
FHP I&E Audit (Q4 23-24)	40		FHP Policy 9.01
BCII Intelligence Procedures	40		FHP Policy 22.03
DUI Compliance Reviews	60		Management Request
Single Audit Compliance Reviews	40		Management Request
Agency Compliance with EO 20-44	100		Required by EO 20-44
	<b>Total Hours</b>	<b>5,780</b>	
	<b>Available Staff Hours</b>	<b>5,780</b>	