



State Board of Education

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Commissioner of Education

September 28, 2019

Melinda Miguel
Chief Inspector General
Office of the Chief Inspector General
The Capitol
Tallahassee, Florida 32399-0001

Dear Ms. Miguel:

In accordance with Section 20.055(6)(h), Florida Statutes, attached is the six month status of corrective actions taken in response to Auditor General Report # 2019-186, State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards.

If you have any concerns regarding this status report, please contact Mike Blackburn by phone at 245-9418 or by email at mike.blackburn@fldoe.org.

Sincerely,


Richard Corcoran
Commissioner

J. Alek Kelly
Chris Foster

Attachment

cc: Mike Blackburn, Inspector General
Miki Presley, Assistant Deputy Commissioner, Finance and Operations
Joint Legislative Auditing Committee

**Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: State of Florida Compliance and Internal Controls Over Financial
Reporting and Federal Awards
Report # 2019-186 Issued: March 28, 2019
Status as of September 28, 2019**

Program Title: Federal Family Education Loans

FDOE Response as of September 28, 2019: Fully Corrected. FDOE has reviewed and approved the finalized procedures that address the auditors' findings.

Finding 2018-018: The FDOE, Office of Student Financial Assistance (OSFA), is responsible for providing access to and administering State and Federal grants, scholarship, and loans to students seeking financial assistance for postsecondary study. OSFA is the designated guaranty agency for the State of Florida for all Federal Family Education Loan Program (FFELP) loans with first disbursements prior to July 1, 2010, and OSFA utilized the FFELP System, a mainframe-based student loan information system located at the Norwest Regional Data Center, to execute its responsibilities.

In our information technology (IT) operational audit report No. 2018-196, dated March 2018, we disclosed significant deficiencies related to selected IT controls for the FFELP System. Specifically, in Findings 2 through 5, we disclosed significant FFELP System application control deficiencies. In Findings 6 through 11, we disclosed significant security control deficiencies related to FFELP System access control procedures and access privileges. In Finding 12, we disclosed that FFELP System change management controls and related procedures needed improvement. Details of the findings and recommendations are included in the IT operational audit report. While, during the 2017-18 fiscal year, the FDOE partially corrected certain deficiencies, the uncorrected deficiencies, disclosed in the IT operational audit report collectively remain a significant deficiency.

Anticipated Completion Date & Contact: Fully Corrected; Miki Presley

Program Title: Federal Family Education Loans

FDOE Response as of September 28, 2019: Fully Corrected. FDOE has reviewed and approved the finalized procedures that address the auditors' findings.

Finding 2018-019: Federal regulations (34 CFR 682.409) require the FDOE, Office of Student Financial Assistance (OSFA), to subrogate (assign) to the USED all loans on which the USED has paid reinsurance and which meet loan assignment requirements. Additionally, the USED Secretary may direct OSFA to assign to the USED certain categories of defaulted loans held by OSFA. OSFA uses the Federal Family Education Loan Program (FFELP) System to generate the forecast reports that identify the loans meeting the mandatory assignment criteria.

In our information technology (IT) operational audit report No. 2018-196, dated March 2018, we disclosed material weaknesses related to selected IT controls applicable to the FFELP System. Specifically, in Finding 3, we disclosed that the FDOE did not provide documentation demonstrating that interface processing errors related to the Subrogation-SAIG Portal interface were timely investigated and corrected. Additionally, in Finding 4, we disclosed that the FDOE did not provide sufficient documentation to demonstrate that OSFA's subrogation process complied with USED mandatory

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assignment criteria; subrogation transaction processing errors were timely identified, logged, and resolved; and OSFA had adequate audit and monitoring capabilities to process subrogation and override transactions. Details of the findings and recommendations are included in the IT operational audit report. During the 2017-18 fiscal year, the FDOE had not fully corrected the identified deficiencies. Consequently, as a result of the uncorrected deficiencies, the FDOE could not demonstrate compliance with Federal requirements related to the assignment of defaulted loans to the USED.

Anticipated Completion Date & Contact: Fully Corrected; Miki Presley

Program Title: Federal Family Education Loans

FDOE Response as of September 28, 2019: Fully Corrected. OSFA has added language to the written procedures and has created an enrollment form for supervisors to complete when requesting access for an employee related to their specific job function to justify the need for access to NSLDS. Additionally, OSFA has implemented procedures to timely deactivate a user's account the same day the employee terminates, utilizing the Access Management document that is completed and submitted by the supervisor.

Finding 2018-020: FDOE procedures did not require, prior to granting NSLDS user access privileges, documented verification that the access privileges were granted in accordance with U.S. Department of Education (USED) requirements. Additionally, the FDOE did not always timely deactivate user access privileges to the NSLDS when users were no longer eligible to have access.

Recommendation: We recommend that the FDOE enhance NSLDS access procedures to ensure that, prior to granting access, FDOE records evidence that user access privileges are timely deactivated when the access privileges are no longer authorized.

Response as of March 28, 2019: As the auditors pointed out, the NSLDS procedures do not specifically address verification procedures beyond determining if an individual requiring access is a state employee. It has been our assessment that as an employee of the Office of Student Financial Assistance (OSFA), an individual already meets the standard spelled out in USED Letter, Access to and Use of NSLDS Information. In order to properly document this procedure, FDOE will add this language to our written access procedures.

With respect to the timely deactivation of the user accounts, OSFA has developed procedures to accomplish this task. However, for the specific incident where one employee's access was not disabled for 15 days, the PDA was on leave when the individual in question moved to a different program area. Once the PDA returned, the access was terminated. It should be noted that the NSLDS token was returned on the day that the individual was reassigned. For the second individual, although activation was not terminated in a timely manner, the NSLDS token was returned on the day the individual left the position necessitating access. In both instances, since the tokens were returned in a timely manner,

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these individuals no longer had access to NSLDS. However, to avoid further delays in deactivation, OSFA will ensure the access is terminated within our approved procedures.

Anticipated Completion Date & Contact: Fully Corrected; Miki Presley