



August 25, 2022

MEMORANDUM

TO: Jim Zingale, Executive Director

FROM: Angie Welch, Inspector General *AW*

SUBJECT: Six-Month Update on Auditor General Report Number 2022-189,
State of Florida Compliance and Internal Controls over Financial Reporting
and Federal Awards

As required by *section 20.055(6)(h), Florida Statutes*, attached is the Department's six-month status update for corrective actions taken in response to Auditor General Report Number 2022-189, State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards.

The General Tax Administration (GTA) program, the Information Services Program (ISP) and the Office of Financial Management (OFM) provided updates on actions taken to correct the following findings:

Finding 2021-005: The Department did not record the fiscal year-end net receivables or related unavailable revenue for sales and use taxes and fees estimated to be collected after July 31, 2021 or reverse the prior year unavailable revenue closing balance for sales and use taxes and fees.

Status: OFM developed a seven-step corrective action plan. Step one is complete and steps two through seven are in progress.

Finding 2021-036: Internal controls for Unemployment Insurance (UI) tax payment processing need improvement. The Department contracted with a service organization to provide tax filing solutions for multiple tax types, including UI taxes. The service organization obtained an independent service auditor's report for the period January 1, 2020, through December 31, 2020, in which the service organization's auditors issued an adverse opinion related to the organizations Information Security Policy, Risk Management Policy, termination procedures, logical access removal, and password configurations.

Status: GTA reviewed the most recent independent service auditor's report for the service organization and noted all previous issues had been resolved.

Finding 2021-037: Certain security controls related to user authentication for the Image Management System (IMS) need improvement to ensure the confidentiality, integrity, and availability of IMS data and related information technology (IT) resources.

Status: ISP implemented phase 1 of corrective actions. The next phase will be implemented in Child Support, General Tax, and Property Tax Oversight programs

by October 2022. The last phase will be all remaining personnel by the end of February 2023.

Finding 2021-038: Certain security controls related to user authentication for the System for Unified Taxation (SUNTAX) need improvement to ensure the confidentiality, integrity, and availability of IMS data and related information technology (IT) resources.

Status: ISP implemented phase 1 of corrective actions. The next phase will be implemented in Child Support, General Tax, and Property Tax Oversight programs by October 2022. The last phase will be all remaining personnel by the end of February 2023.

Finding 2021-073: Certain security controls related to user authentication for the Child Support Enforcement Automated Management System (CAMS) need improvement to ensure the confidentiality, integrity, and availability of IMS data and related information technology (IT) resources.

Status: ISP implemented phase 1 of corrective actions. The next phase will be implemented in Child Support, General Tax, and Property Tax Oversight programs by October 2022. The last phase will be all remaining personnel by the end of February 2023.

For additional information about the findings, recommendations, and corrective actions, please see the attached corrective action plans. If you have any questions, please contact me at (850)617-8152, or Christy Temples at (850)717-7135.

AW/ct

Attachments

Copies:

Andrea Moreland, Deputy Executive Director

Clark Rogers, Chief of Staff

Maria Johnson, GTA Program Director

Jimmie Harrell, ISP Program Director

Shannon Segers, Director of Finance and Budget

Kathy DuBose, Coordinator, Joint Legislative Auditing Committee



February 15, 2022

**State of Florida
Management's Corrective Action Plan –
Florida Department of Revenue
For the Fiscal Year Ended June 30, 2021**

Finding Number: **2021-005**
Planned Corrective Action: Enhancement of Fiscal Year-end Reporting Controls
Anticipated Completion Date: June 2022
Responsible Contact Person: Shannon Segers

Finding: The Florida Department of Revenue (Department) did not record the fiscal year-end net receivables or related unavailable revenue for sales and use taxes and fees estimated to be collected after July 31, 2021 or reverse the prior year unavailable revenue closing balance for sales and use taxes and fees.

Recommendation: We recommend that the Department's management enhance fiscal year-end reporting controls, including the financial statement closing and preparation Procedures and Checklist, to ensure that all adjustments are prepared and submitted to the Statewide Financial Reporting Section (SFRS.)

Corrective Action Plan:

The corrective action plan (CAP) will be implemented by the Department's Office of Financial Management (OFM):

- 1) OFM is currently conducting a review of all year-end procedures for the Financial Systems and Analysis (FS&A) section and will ensure that the below criteria are included in the revised year-end procedures. This review will be completed, and the procedures will be revised by June 30, 2022.
- 2) Inputs will be entered into FLAIR/PALM by one OFM Accounting staff member and reviewed by another OFM Accounting staff member. The review will include a thorough comparison of source data to the adjusting entry, to include proofing notations on the source documents.
- 3) Year-end entries will be compared to the applicable prior year's year-end entry for reasonableness before they are submitted to the originating program for review.
- 4) All OFM data entries will be transcribed on the appropriate SFRS forms and sent to the originating program for review and approval prior to submission to SFRS.

- 5) Year-end closeout checklists/procedures will be compared to the prior year checklists/procedures to identify any discrepancies.
- 6) All responses to DFS regarding year-end procedures will be reviewed with the Finance & Accounting Process manager or the OFM Deputy Director before submission.
- 7) Adjustments that materially affect the financial statements will be reviewed with the Finance & Accounting Process manager or the OFM Deputy Director before submission to DFS.



March 28, 2022

**State of Florida
Management's Corrective Action Plan –
Florida Department of Revenue
For the Fiscal Year Ended June 30, 2021**

- Finding Number: 2021-036**
- Planned Corrective Action:** Florida Department of Revenue (FDOR) will continue its efforts to ensure the service organization resolves the deficiencies noted in the independent service auditor's report.
- The service organization has asserted that the noted exceptions related to the Information Security Policy, risk management program, annual risk assessment, and software development changes on the 2020 independent audit report have been resolved. To confirm the exceptions have sufficiently been resolved:
- FDOR will review the 2021 independent service auditor's report to ensure previous outstanding exceptions have been resolved.
- If the 2021 independent service auditor's report identifies exceptions, FDOR will require the service organization to provide a timeframe for resolution and evidence of progress towards resolving the remaining exceptions until all deficiencies are resolved.
- Anticipated Completion Date:** December 31, 2022
- Responsible Contact Person:** Brenda Messer
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- Finding Number: 2021-037**
- Planned Corrective Action:** FDOR will improve certain security controls related to user authentication to ensure the confidentiality, integrity, and availability of the Image Management System (IMS) data and related information technology (IT) resources.
- Anticipated Completion Date:** June 30, 2023
- Responsible Contact Person:** Travis Menke
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- Finding Number: 2021-038**
- Planned Corrective Action:** FDOR will improve certain security controls related to user authentication to ensure the confidentiality, integrity, and availability of

the System for Unified Taxation (SUNTAX) data and related IT resources.

Anticipated Completion Date: June 30, 2023

Responsible Contact Person: Travis Menke

Finding Number: **2021-073**

Planned Corrective Action: FDOR will improve certain security controls related to user authentication to ensure the confidentiality, integrity, and availability of the Child Support Enforcement Automated Management System (CAMS) data and related IT resources.

Anticipated Completion Date: June 30, 2023

Responsible Contact Person: Travis Menke