



Charlie Crist
Governor
Monesia T. Brown
Director
James F. Mathews
Inspector General

September 24, 2008


Ms. Monesia T. Brown, Director
Agency for Workforce Innovation
MSC100E, Caldwell Building
107 East Madison Street
Tallahassee, Florida 32399-4120

Dear Ms. Brown:

As required by Section 20.055(5)(g), Florida Statutes, we have prepared the attached status of corrective actions as of September 24, 2008, taken by the Agency for Workforce Innovation to the findings and recommendations contained in the Auditor General Audit Report No. 2008-141. This report covered Federal Awards issues within the Agency for Workforce Innovation for the fiscal year ending June 30, 2007.

In accordance with Section 20.055(5)(g), Florida Statutes, I am also copying the Joint Legislative Auditing Committee. If you have any questions, please call me at (850) 245-7141.

Sincerely,


James F. Mathews, C.I.G.
Inspector General

JFM/pa

cc: Joint Legislative Auditing Committee
Ms. Barbara Griffin
Ms. Cynthia Lorenzo
Ms. Carolyn McGriff

Office of Inspector General

MSC #130, Caldwell Building • 107 East Madison Street • Tallahassee • Florida 32399-4126
Phone 850-245-7135 • Fax 850-245-7144 • TTY/TDD 1-800-955-8771-Voice 1-800-955-8770
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**Agency for Workforce Innovation
Office of Inspector General
6 Month Follow-up to Auditor General Report No. 2008-141**

<u>Paragraph/Finding No(s).</u> (1)	<u>Program/Area</u>	<u>Brief Description (as reported by Auditor General)</u>	<u>Status</u>	<u>Comments</u>
FA 07-009 (Bullet 1)	Unemployment Insurance (UI)	The Agency for Workforce Innovation (Agency) should complete the implementation of its policy for positions of special trust and employee background screening. Given the existence of Agency positions with sensitive information technology (IT) responsibilities and access privileges, the Agency should continue to evaluate whether IT positions warrant designation as positions of special trust. Based on the results of the evaluation, the Agency should, for applicable positions, conduct appropriate background screening, including fingerprinting, on individuals occupying those positions.	Fully corrected.	On June 26, 2007, the Agency Director adopted and began implementation of AWI Policy No. 1.08, Positions of Special Trust. In accordance with this policy, Agency staff identified Information Technology (IT) positions that met the definition of "special trust" due to their sensitive location and/or ability to access and alter confidential data. On October 9, 2007, the Agency Director designated these identified IT positions as those of special trust, and the Agency subsequently notified the affected personnel. On January 29, 2008, the Agency finalized and executed a criminal history information sharing agreement with the Florida Department of Law Enforcement (FDLE). This agreement allows FDLE to obtain State and Federal background screenings (Level 2) and share the resulting information with the Agency. All staff occupying these positions have been fingerprinted, requests for Level 2 criminal history checks were submitted to FDLE, and criminal history check results have been received.
FA 07-009 (Bullet 2)	UI	The Agency and the Florida Department of Management Services (DMS) should develop a formal access authorization process, including written evidence of access requests and authorizations, production of access monitoring reports, and periodic review of user access privileges and access violations. The Agency should also ensure that the RACF security architecture does not inappropriately give access privileges to users who do not require access to accomplish their job responsibilities and that the access privileges of terminated employees are removed in a timely manner. Furthermore, the Agency should ensure that dataset violations are monitored, investigated, and corrected in a timely manner.	Fully corrected.	The Agency has identified the mainframe reports and settings necessary to eliminate this audit finding. The Agency is currently working collaboratively with the DMS staff to modify current settings and reports to provide necessary monitoring. Testing and implementation were completed in May 2008.

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FA 07-009 (Bullet 3)	UI	The Agency should enhance program change controls to provide increased assurance of the ongoing integrity of its Unemployment Compensation (UC) System and data.	Fully corrected.	<p>The Agency's Application Development expanded the change control management process to include all applications within its domain. This included the Mainframe, PowerBuilder, and all web applications. The change control policy was updated to include the following fundamental change management processes:</p> <ul style="list-style-type: none"> • Change Authorization • Change Testing • Change Customer Approval • Change Implementation <p>Testing and implementation of the revised procedures were completed in May 2008.</p>
FA 07-009 (Bullet 4)	UI	The Agency should develop specific procedures for claims takers and supervisors responsible for the daily processing of the Highway Safety and Motor Vehicle (HSMV) cross-match mismatches to ensure prompt and accurate resolution of Unemployment Insurance (UI) claims.	Fully corrected.	<p>On March 11, 2008, the UC Operations Manager issued Procedural Instruction 08-02, which replaces earlier instruction issued with respect to the handling of the Highway Safety and Motor Vehicles and Social Security Administration cross-match data. The UC Operations manager has also worked with the managers of the Tallahassee and Ft. Lauderdale claims hubs to ensure that procedures are established for supervisors to adequately review the work of the individuals assigned to work the mismatched claims to ensure timeliness and accuracy.</p>
FA 07-009 (Bullet 5)	UI	The Agency's Benefit Accuracy Measurement unit's organizational placement was not independent of the areas subject to its evaluation.	Fully corrected.	<p>The Agency reorganized the Office of UC Services to provide for the separation of functions as recommended by the Auditor General (AG).</p>

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FA 07-010	UI	The Agency charged a Federal grant award for obligations that did not occur during the award's funding period. It was recommended that the Agency follow established procedures to ensure that all charges to Federal grant awards are the result of obligations incurred during the applicable funding periods. It was also recommended that the Agency make correcting entries to its accounting records to charge the appropriate grant.	Fully corrected.	As recommended in the audit finding, correcting entries were made in October 2007. The final correcting entries moved the questioned charges to grant UCB06, for which the expenditures were both allowable and within the period of availability. The Agency will continuously emphasize the importance of following established procedures to ensure that all charges to Federal grant awards are the result of obligations incurred during the applicable funding periods.
FA 07-011	UI (Florida Department of Revenue)	Contrary to State law, DOR processed a contract renewal without justification and adequate review and approval. Additionally, DOR did not have procedures to determine whether or not contractors were suspended or debarred prior to entering into covered transactions with the contractors. During the 2006-07 fiscal year, DOR updated its <i>Purchasing and Contract Management Manual</i> to require that Contract Managers verify that the vendor is not debarred prior to expending Federal funds over the amount of \$25,000, and subsequently designed a contract renewal template to provide criteria that, when followed, would document compliance with applicable laws. DOR should continue its efforts to implement the updated <i>Purchasing and Contract Management Manual</i> .	Fully corrected.	DOR updated its <i>Purchasing and Contract Management Manual</i> on February 1, 2007 to require Contract Managers (when federal funds are used) to access the U.S. government's Excluded Parties List System (EPLS) and verify that the contractor has not been debarred by any federal agency. This is required for federally-funded contracts that have a value of \$25,000 or greater. It is required prior to the initial contract execution, renewal, extension or amendment when the amendment adds an additional \$25,000 or greater to the contract value. The DOR revised its <i>Purchasing and Contract Management Manual</i> to require that Contract Managers provide a justification to document the renewal is in the best interest of the State.

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FA 07-012	UI	<p>The Agency reported on the Summary Schedule of Prior Audit Findings that the prior audit finding was partially corrected. It was noted that, although the Agency took measures to more accurately report certain amounts on the quarterly ETA 227 Overpayment Detection and Recovery Activities reports, other amounts continued to be misstated. It was again recommended that the Agency continue its efforts to ensure the accuracy of the amounts reported on the ETA 227 reports. Such efforts should include appropriate modifications to the computer program used to extract information from the UC System.</p>	Fully corrected.	<p>Revised computer programs for creating the ETA 227 were moved into production in April 2007. This resulted in the agreement of Sections C and E of the report created for the quarter ending March 31, 2007. This corrected a prior focus area. Programming changes that were moved to production have also resulted in proper recording of third party payments made in the recovery process. Application development staff analyzed problems that caused the report to become out of balance and modifications have been implemented.</p>
FA 07-013	UI	<p>Audit of the methodology used in the determination of the annual UI tax rate again disclosed that the Agency and DOR UI tax rate calculation process did not promote the assessment of UI taxes in a manner that is accurate and consistent with Florida law. To demonstrate the accuracy and completeness of the data used in the UI tax rate calculation, it was again recommended that the Agency ensure that timely and complete reconciliations be performed between the detail and summary wage and benefit data. It was also again recommended that the Agency and DOR enhance and document the methodology used in the tax rate calculation process and make the necessary system programming changes to ensure that UI tax rates are calculated consistent with Florida law. In addition, it was recommended that the Agency take necessary corrective actions as recommended in audit report No. 2008-037, finding No. 7.</p>	<p>Partially corrected. The Agency is developing a new timeline for implementing automation necessary to fully satisfy this finding.</p>	<p>Effective March 10, 2008 the Unemployment Tax program was fully converted to the SUNTAX system operated by the Department of Revenue. The calculation of the tax rate parameters affecting the 2009 rates for Florida employers will occur after October 1, 2008 in the SUNTAX system. Concerns addressed by the auditor with respect to accuracy and completeness of the data used in the rate calculation process are expected to be addressed by the unemployment tax application in SUNTAX. In addition, documentation of the methodology of the experience rating process in SUNTAX will be available for the auditor. The Agency continues to analyze the manner by which it can automate the adjustment of employer benefit charges when overpayment determinations are redetermined.</p>

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FA 07-014	Workforce Services	Although the Agency continued to implement corrective actions, deficiencies reported in prior audits regarding the One Stop Management Information System (OSMIS) continued to exist during the 2006-07 State fiscal year. It was recommended that the Agency take necessary corrective actions to fully correct the OSMIS deficiencies noted.	Fully corrected.	All findings included in the audit report regarding OSMIS have been corrected. The Agency enters, controls, and monitors all changes to the OSMIS Financial Management module via a process which separates application coding, database administration, and system administration functions into separate and distinct areas. All changes are documented and progress tracked via the Agency's use of Intuit's Track-It software. Final testing and authorization to move changes into production must be approved by the Financial Management Business unit.
FA 07-015	Workforce Services	The Agency did not ensure Regional Workforce Board (RWB) compliance with WIA local area earmarking requirements. It was recommended that the Agency enhance procedures for reviewing RWB expenditures to ensure that applicable earmarking requirements are met. Subsequent to audit inquiry, the Agency contacted the two RWBs regarding the instances of noncompliance noted above. The Agency should continue to take appropriate action with the RWBs to resolve the questioned costs.	Fully corrected.	Adjustments made by the boards have corrected the non-compliance with no resulting questioned costs. Additional steps were added to our close-out process to ensure the Agency's review of future compliance with earmarking requirements.

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FA 07-054	Office of Early Learning (OEL)	The Agency did not adequately oversee subrecipient-established eligibility data system security policies and controls.	Fully corrected.	<p>The Agency will continue to include the required contract language in the ELC grant agreements relating to data security and confidentiality practices of the ELC. This language has also been enhanced for the 2008-09 grant agreement. The Agency will review its 2008-09 annual programmatic monitoring plans to perform risk assessment analyses and focus agency resources and monitoring efforts. The risk assessment results will be used to determine and implement the appropriate methods of oversight, including preventive and detective internal controls and enhanced programmatic monitoring. These plans will be coordinated with financial monitoring tasks (as needed) and will include procedures to analyze EFS access controls, application controls, system change management, data integrity, data confidentiality and data recovery controls. In February 2008, the Agency coordinated with outside consultants to schedule a training workshop open to all ELCs. Training topics offered included Internal Controls for IT and Information Technology Risk Management.</p>