



FLORIDA DEPARTMENT OF STATE

CHARLIE CRIST
Governor

KURT S. BROWNING
Secretary of State

February 24, 2010

Kurt S. Browning, Secretary of State
Florida Department of State
R.A. Gray Building
500 South Bronough Street
Tallahassee, Florida 32399-0250

Subject: Auditor General's Report No. 2010-005, Department of Financial Services and Selected Participating State Agencies-Payment Card Programs - Information Technology Audit.

Dear Secretary Browning:

Pursuant to the requirements of Section 20.055(5)(h), Florida Statutes, the Office of Inspector General conducted a review of the status of corrective action taken with regards to the findings and recommendations contained in the Auditor General's Report referenced above. We have attached a copy of our report to this letter for your review.

As required by law, we have published our report on the status of the corrective actions taken by the Department and filed a copy of such response with the Legislative Auditing Committee.

Thank you for your assistance in this matter. Please contact me if you require additional information.

Sincerely,

Handwritten signature of Kirby J. Mole in cursive.

Kirby J. Mole, Inspector General
Florida Department of State

Att.

cc. Kathy DuBose, Staff Director, Joint Legislative Auditing Committee
Dawn K. Roberts, Assistant Secretary of State/Chief of Staff.
Jennifer Kennedy, Deputy Secretary of Corporations and Elections..

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**STATUS OF CORRECTIVE ACTION(S) REPORT
AUDITOR GENERAL'S REPORT NO. 2010-005 TITLED: DEPARTMENT OF
FINANCIAL SERVICES AND SELECTED PARTICIPATING STATE
AGENCIES-PAYMENT CARD PROGRAMS-INFORMATION TECHNOLOGY
AUDIT, 7-24-09**

The purpose of this follow up review is to provide a written response to the Secretary of State on the status of corrective actions taken by the Department of State (Department) in response to the recommendations made by the Auditor General pursuant to Section 20.055(5)(h), Florida Statutes. The Auditor General in its report referenced above encompassed multiple agencies including the Department and eleven (11) formal audit findings and recommendations. The Department was responsible to respond to only four (4) audit findings as shown below.

Auditor General's Finding No. 3:

DCA, DEP, DMA and DOS [¹] did not complete the appropriate Self-Assessment Questionnaire to self-evaluate their compliance with the PCI Data Security Standard.

Auditor General's Recommendation for Finding No. 3:

Agencies should ensure that appropriate versions of the Questionnaire are fully completed to evaluate the necessary controls to meet PCI Data Security Standard requirements and protect cardholder data.

Department's Response to the Status of Corrective Action for Finding No. 3:

The DOS completed the appropriate DFS Questionnaire on May 29, 2009 and will continue to do so each year as required.

Office of Inspector General's Status Review of Corrective Action No. 3:

Complete - The Department implement the corrective action stated above.

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Auditor General's Finding No. 8:

Certain user identifications (IDs) and passwords to the Sunbiz database were being shared by DOS employees.

¹ DCA – Department of Community Affairs, DEP-Department of Environmental Protection, DMA-Department of Military Affairs, DOS-Department of State.

Auditor General's Recommendation for Finding No. 8:

DOS should cease the practice of sharing user IDs and passwords and assign individual user IDs to all system users as provided for in its Access Control Policy.

Department's Response to the Status of Corrective Action for Finding No. 8:

Each user now has an individual user id that is in accordance with the Department's security policy.

Office of Inspector General's Status Review of Corrective Action No. 8:

Complete – The Department implemented the corrective action stated above.

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Auditor General's Finding No. 9:

DMA and DOS did not follow certain approval and reporting requirements set forth in Section 215.322, Florida Statutes, and the related DFS [2] rules.

Auditor General's Recommendation for Finding No. 9 :

DMS should seek the prior approval of the CFO [3] before entering into future contracts with service providers not established by the CFO for the acceptance of payment cards. In addition, DMA and DOS should file annual reports with the CFO as required by DFS rules.

Department's Response to the Status of Corrective Action for Finding No. 9:

DOS filed the yearly annual report with DFS on July 22, 2009 and will continue to do so each year as required.

Office of Inspector General's Status Review of Corrective Action No. 9:

Complete – The Department completed the corrective action stated above. On August 3, 2009 the Department submitted a revised the annual report dated July 29, 2009 to DFS.

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² DFS – Department of Financial Services.
³ CFO – Chief Financial Officer.

Auditor General's Finding No. 10:

The DOS Letter of Understanding for payment card services lacked certain provisions required by Sections 287.058,(1) and (2), Florida Statutes and contained outdated provisions.

Auditor General's Recommendation for Finding No. 10 :

In consultation with DFS, DOS should consider utilizing the DFS-established payment card services contract that is competitively resolicited on a periodic basis. If DOS determines that, in its specific circumstances, the established DFS contract is not in the best interest of the State, DOS should ensure that alternative contracts include provisions required by State law and that the provisions reflect current business practices.

Department's Response to the Status of Corrective Action for Finding No. 10:

The DOS process is outside the parameters of the DFS-established payment card services contract. Approval to procure services was obtained from DFS, DMS, and the CFO. The DOS developed a Business Case, Request for Proposal and contract with the assistance of the DFS, CFO, CEG and DOS purchasing which meets the requirements of Section 287.058,(1) and (2), Florida Statutes.

Office of Inspector General's Status Review of Corrective Action No. 10:

Complete – The Department implemented the corrective action shown above.