



MEMORANDUM

Florida Fish and Wildlife Conservation Commission

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DATE: December 22, 2011

TO: Nick Wiley
Executive Director

FROM: James T. Knight III
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Operational Audit

As required by Section 20.055(5)(h), Florida Statutes, attached is the six-month status report for Auditor General Report No. 2011-188, ***Office of Licensing and Permitting and Prior Audit Follow-Up***, dated May 31, 2011.

The audit contained recommendations for the Office of Licensing and Permitting, the Finance and Budget Office, and the Office of Information Technology. Our response details the level of implementation and current status of each recommendation.

If you have any questions, please call me or Trevor Phillips at 488-6068.

Enclosure

cc: Kathy DuBose, Staff Director, Joint Legislative Auditing Committee

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 Six-Month Status Response to the Auditor Generals’ Operational Audit of
 the Office of Licensing and Permitting – Report No. 2011-188

RECREATIONAL LICENSING AND PERMITTING	
Finding Number:	1
Finding:	The Commission had not developed procedures for reconciling the licenses and permits sold and recorded in the Total Licensing System (TLS) to the related fees deposited into the State Treasury and recorded in Commission accounting records.
Recommendation:	We recommend that the Commission enhance reconciliation procedures to include reconciling the amount of fees for each type of license and permit recorded as sold in TLS to the amount of funds electronically transmitted to the State Treasury and recorded in FLAIR.
FWC Initial Response and Corrective Action Plan	<p>The Commission concurs in principal with this finding. Since licenses and permits are sold at over 800 Tax Collectors’ offices and retailer locations statewide, for the Commission to be fully compliant would require that we capture each transaction at its source and develop and operate a system that duplicates the functions of the TLS, which we have determined is not cost effective. The Commission believes that it has developed processes that at least mitigate the severity of this finding. These mitigating processes are:</p> <ol style="list-style-type: none"> 1. Each of the sales locations have the necessary information to verify each license or permit sale to their remittance collected and the amount swept from their bank account to be deposited in the State Treasury. The sales locations do inform the Commission of any real or perceived discrepancies which the Commission then investigates and resolves. 2. TLS has reconciling reports built into the system (FLHF967 “ACH Agents – Privilege Sales for ACH Effective mm/dd/yyyy”). This report provides information in summary (statewide), by agent type (Tax Collector, Phone, Internet, Agent), as well as by individual license agent (Wal-Mart #721, Leon County Tax Collector South Monroe Location, Fisherman’s Bait and Tackle) at the license/permit level. The figures from this report are used to reconcile the amount deposited into the State Treasury on a weekly basis prior to and after the funds being deposited. The funds are then split by accounting codes and recorded into FLAIR.
Status: <u>OPEN</u>	The Commission has begun working with the new licensing system vendor to enhance reporting and reconciling of license revenues. Implementation of the new licensing system and reporting/reconciling enhancements is planned for October 2012.

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RECREATIONAL LICENSING AND PERMITTING	
Finding Number:	2
Finding:	The Commission assigned incompatible duties to a single employee handling no-fee disability licenses and permits. In addition, the controls over voided and misprinted licenses and permits needed improvement.
Recommendation:	We recommend that the Commission adopt procedures to appropriately separate incompatible duties or provide for independent review of these licensing processes. In addition, we recommend that the Commission implement a process for controlling pre-numbered license and blank permit stock including the reconciliation of all license and permit stock issued, misprinted and voided, or on hand in inventory. Further, we recommend that voided licenses and permits be marked as void.
FWC Response and Corrective Action Plan	The Commission concurs. The current disability license and disability crossbow permit process is dependent on outdated and inadequate FoxPro technology that makes it difficult to separate the duties. The disability license and disability crossbow permit process is scheduled to be rewritten using current technology as Office of Information Technology resources become available. These recommendations will be incorporated into this rewrite and result in separation of duties and improved control of license stock. Current procedures have been changed to require that all voided licenses and permits be marked as void.
Status: <u>OPEN</u>	The Commission has begun the process of incorporating these licenses into a new web-based system that will replace the old FoxPro technology. Anticipated completion date: November 2012.

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RECREATIONAL LICENSING AND PERMITTING	
Finding Number:	3
Finding:	Commission procedures used to allocate the proceeds from the sale of five-year licenses and permits and the associated interest earnings to the Marine Resources Conservation Trust Fund and the State Game Trust Fund were not accurately applied.
Recommendation:	We recommend that Commission management ensure the completion of supervisory reviews of the accuracy of the allocation of license and permit fee proceeds and interest earnings.
FWC Response and Corrective Action Plan	The Commission concurs. We have modified our procedures for calculating and transferring interest earnings. This calculation/transfer is now performed on an annual basis, rather than monthly. The interest earnings are apportioned based on the fund composition (using revenue figures from last 5 years). Commission procedures for calculating and transferring proceeds from the sale of five-year licenses (1/5 Transfer) now include a requirement for supervisory review and signature.
Status: <u>COMPLETE</u>	The Commission has implemented the modified procedures as described in the corrective action plan.

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RECREATIONAL LICENSING AND PERMITTING	
Finding Number:	4
Finding:	Commission procedures for allocating the interest earned on the proceeds from the sales of lifetime licenses need improvement. In addition, related provisions of law need clarification.
Recommendation:	(1) We recommend that the Legislature consider revising section 379.207, Florida Statutes, to remove or clarify the requirement that the Commission utilize an actuarial determination to allocate interest income. (2) We further recommend to the Legislature that consideration be given to simplifying section 379.207, Florida Statutes, by removing the separate treatment of interest income derived from the sale of lifetime licenses to individuals under the age of 16 years. (3) In addition, we recommend that the Commission enhance its procedures to ensure that the appropriate amount of interest earnings is allocated for disbursement in accordance with State law.
FWC Response and Corrective Action Plan	The Commission concurs. In relation to the second recommendation, we believe that it may have been the intent of the Legislature to use the interest up to the age of 16 to increase the principle so that the interest after age 16 would more closely reflect the cost of an annual license. The Commission has rewritten the Lifetime Allocation System to correct any problems with the fund allocations when distributing the interest annually.
Status: <u>OPEN (1) & (2)</u> <u>COMPLETE: (3)</u>	Parts (1) and (2) of the finding remain at the discretion of the Legislature. The Commission Chief Financial Officer has indicated that these two issues can be addressed at the next legislative trust fund review. Regarding Part (3), the Commission is now using the new Lifetime Allocation System for calculating the interest distribution.

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RECREATIONAL LICENSING AND PERMITTING	
Finding Number:	5
Finding:	The Commission did not maintain documentation evidencing that alligator licenses were issued only to eligible individuals.
Recommendation:	We recommend that the Commission revise its process to ensure that licenses cannot be printed without the applicant being cleared through the ArrestNet match or the Division of Law Enforcement. We also recommend the Commission retain evidence showing that the ArrestNet match was performed and considered in the licensing process.
FWC Response and Corrective Action Plan	The Commission concurs. The Alligator system currently exists in an outdated and inadequate FoxPro technology that does not produce documentation that the Law Enforcement check has been processed. For the upcoming season, Commission staff will screen print the steps in this process as they occur, and sign/date the printouts verifying the check was processed. Any records produced as a result of this check will be copied and maintained along with the screen prints. Any records produced as a result of this check will also be faxed to FWC Law Enforcement for response, and copies of all correspondence maintained along with the screen prints and identified records. Alligator licensing is currently being removed from the FoxPro system and rewritten in current technology. The Commission expects this new system to be in place before the 2012 Statewide Alligator Harvest. The new system will provide and maintain adequate documentation and audit logs of the Law Enforcement check.
Status: <u>OPEN</u>	The Commission has rewritten the Alligator system using a newer technology, and is currently being tested. The new process cannot advance to print without first completing the ArrestNet check. Evidence of this check will be housed in an audit log. Anticipated completion date: January/February 2012.

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COMMERCIAL LICENSING AND PERMITTING	
Finding Number:	6
Finding:	For the Stone Crab, Blue Crab, and Spiny Lobster Programs, the Commission did not track expenditures and equity balances at a detailed level to ensure that moneys generated from each of the programs were used in accordance with State law.
Recommendation:	We recommend that the Commission develop a process to track the use of revenue generated under the Stone Crab, Blue Crab, and Spiny Lobster Programs to allow a demonstration that the generated revenue was used in accordance with State law. We also recommend that the Commission ensure that documentation is maintained to evidence that the Stone Crab Trap Limitation Program is self-supporting.
FWC Response and Corrective Action Plan	The Commission concurs. The Chief Financial Officer will establish detailed revenue, expenditure, and balance tracking for Stone Crab, Blue Crab and Spiny Lobster revenues, and will maintain them for as long as the revenue streams remain in effect. The stone crab balance tracking document will also serve as evidence to show whether or not the Stone Crab Trap Limitation Program is self supporting.
Status: <u>COMPLETE</u>	The FWC Chief Financial Officer has developed tracking processes as recommended and as described in the corrective action plan.

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CUSTOMER SERVICE	
Finding Number:	7
Finding:	The Commission's Web site did not provide for licenses and permits accurate, complete, and valid consumer information.
Recommendation:	We recommend that the Commission establish and implement procedures for the periodic review of LPIS information. Such procedures should include a timeframe for, and documentation of, the review and any required LPIS corrections.
FWC Response and Corrective Action Plan	The Commission concurs. FWC has reviewed the current information in LPIS and corrected any errors found. We have implemented a process to ensure timely updates. The agency wide Permitting Team has made the continual review of LPIS one of its responsibilities.
Status: <u>COMPLETE</u>	The Commission has established and implemented procedures for periodic review of LPIS information including timeline, documentation, and corrections to ensure the permit information is accurate, complete and valid.

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INFORMATION TECHNOLOGY CONTROLS	
Finding Number:	8
Finding:	The Commission had not established procedures for documenting the request, approval, modification, or deletion of user access to Commission information technology resources. In addition, the Commission did not timely delete employee access upon an employee's separation from Commission employment.
Recommendation:	We recommend that the Commission adopt procedures that include documentation requirements for the approval of user access privileges and efforts to monitor user access activity. We also recommend that the Commission follow established procedures requiring unique user names and passwords and enhance procedures to ensure employee access to each application is timely removed upon an employee's separation from Commission employment.
FWC Response and Corrective Action Plan	<p>The Commission concurs, and is reviewing applicable sections of the Internal Management Policies and Procedures Manual (IMPP) to ensure policies and procedures regarding information technology resources are consistent with recommendations from this audit as well as Florida Statutes, Florida Administrative Code, and Agency for Enterprise Information Technology security recommendations.</p> <p>Section 3.3.3 (f) of the FWC IMPP includes the requirement: "A user's access authorization shall be immediately removed from the system when the user's employment is terminated or the user transfers to a position where access to the system is no longer required." FWC utilizes e-forms for requesting initial user access, changing access levels and deleting user access. All such requests and associated workflow steps are stored in SharePoint.</p> <p>However, user access change and deletion requests are not always submitted in a timely manner by the supervisors of terminated and reassigned employees. FWC's Office of Information Technology will coordinate with our Human Resources Office to develop procedures and training to facilitate timely changes to and deletions of user access.</p>
Status: <u>COMPLETE</u>	<p>FWC's password policy was modified in July 2011 reducing the expiration time from 180 days to 90 days. This reduction means that a terminated user's password expires more rapidly in the event that a supervisor fails to submit a timely user access deletion request.</p> <p>OIT also initiated an Active Directory reconciliation which required all FWC workers to verify Active Directory information, including direct reports. Accounts were disabled for FWC workers who failed</p>

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	<p>to acknowledge the reconciliation request.</p> <p>Supervisor training provided by HR now includes separation process training with instructions on terminating employee access to IT resources.</p> <p>The termination checklist provided by HR includes an item for terminating employee access to IT resources.</p> <p>Ensuring that FWC worker access is current will be an on-going process with periodic reconciliations with payroll data and Active Directory information.</p> <p>Procedural changes are complete. Monitoring and auditing will be on-going processes.</p>
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INFORMATION TECHNOLOGY CONTROLS	
Finding Number:	9
Finding:	Change management controls relating to the Commercial Capture Wildlife System and the Commercial Saltwater Licensing System need enhancement.
Recommendation:	We recommend that the Commission enhance its procedures to ensure that sufficient documentation is maintained for CSLS and CCWS program changes to evidence the user's request, approval of the change request, programming, testing, user acceptance, and approval of the movement of the changes into the live production environment.
FWC Response and Corrective Action Plan	The Commission concurs. FWC will modify the change management procedures to require that documentation is maintained for all program changes to evidence the user's request, approval of the change request, programming, testing, user acceptance, and approval of the movement of the changes into the live production environment. The change management form will be modified to include the documentation as a required prerequisite to change management approvals.
Status: <u>COMPLETE</u>	The Commission's change management process has been modified to require that documentation is maintained for all program changes to evidence the user's request, approval of the change request, programming, testing, user acceptance, and approval of the movement of the changes into the live production environment.

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INFORMATION TECHNOLOGY CONTROLS	
Finding Number:	10
Finding:	The Commission should study the cost-effectiveness of utilizing fewer systems to facilitate the processing of Commission-issued licenses and permits.
Recommendation:	We recommend that the Commission conduct a feasibility study to determine the cost-effectiveness of utilizing a single licensing and permitting system or, as an alternative, reducing the number of systems used to process and account for licenses and permits issued by the Commission.
FWC Response and Corrective Action Plan	The Commission concurs. The Lifetime/5-Year system was removed from FoxPro and now exists on a more advanced technology platform. The Alligator System is in the process of being removed from FoxPro and consolidated into the Commercial/Captive Wildlife System. The “free permits” that currently exist in three separate systems (one of which is old FoxPro technology) are in the process of being consolidated into one system. The Office of Licensing and Permitting in coordination with the Office of Information Technology will review systems annually, determine the usability of consolidation of systems, and determine work plans as appropriate.
Status: <u>OPEN</u>	This effort continues, as the Office of Licensing and Permitting will be consolidating systems by permit in stages. The first two stages should be complete by February 2012. Anticipated final completion date: December 2013.

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INFORMATION TECHNOLOGY CONTROLS	
Finding Number:	11
Finding:	The commission had not developed procedures for the management of Florida Accounting Information Resource Subsystem (FLAIR) access privileges.
Recommendation:	The Commission should develop written policies and procedures for the management of FLAIR access privileges. Such procedures should require routine reviews of the appropriateness of employee FLAIR access privileges and prescribe a process for ensuring that the access privileges of all former employees are timely removed upon termination.
FWC Response and Corrective Action Plan	The Commission concurs. Since the completion of the audit, appropriate policies and procedures have been developed to manage FLAIR access privileges.
Status: <u>COMPLETE</u>	The FWC Finance and Budget Office have developed an internal policy and procedure as recommended and as described in the corrective action plan. In addition, the departing employee Separation Checklist has been modified to include a requirement for the removal of FLAIR access privileges upon termination.

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OTHER ADMINISTRATIVE ISSUES	
Finding Number:	12
Finding:	Commission personnel did not always comply with applicable rules and procedures related to the investigation of instances in which tangible personal property items are not located during an annual physical inventory of property.
Recommendation:	We recommend that Commission procedures be enhanced to require that a specific date be recorded on the PC-201 Form showing when a property item was determined to be missing and that all appropriate Commission personnel sign and date the PC-201 Form. We also recommend that the OIG maintain documentation of investigations of missing property and the notification of investigation results to the appropriate Division or Office Director.
FWC Response and Corrective Action Plan	The Commission concurs. Since the completion of this audit the Commission has implemented an automated workflow for missing property items that requires the custodian to complete all required information on a missing item and the electronic form is automatically routed to all parties that are required in the process, including the OIG.
Status: <u>COMPLETE</u>	The automated workflow for missing property items is operational, allowing for the full implementation of all recommendations in this finding.