



FLORIDA DEPARTMENT *of* STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

September 29, 2014

Ken Detzner
Secretary of State
Florida Department of State
R. A. Gray Building
500 South Bronough Street
Tallahassee, FL 32399-0250

RE: Auditor General Report Number 2014-181, Department of State Voting Systems Standards and Certifications and Prior Audit Follow-up

Dear Secretary Detzner:

As required by Section 20.055(5)(h), Florida Statutes, attached is the Office of Inspector General review of the status of corrective action taken with regards to the findings and recommendations contained in the Auditor General's Report referenced above.

Please contact me if you require additional information.

Sincerely,

A handwritten signature in green ink that reads "John L. Greene".

John L. Greene, CIA, CIG, CGAP, CGFM
Inspector General

Attachment

- cc. Jennifer Kennedy, Assistant Secretary of State and Chief of Staff
John Boynton, Deputy Secretary for Administrative Services, Corporations and Elections
Kerri L. Post, Deputy Secretary for Cultural Affairs, Historical Resources and Library and Information Services
Jay Kassees, Director, Division of Administrative Services
Maria Matthews, Esq., Director, Division of Elections
David Martin, Auditor General
Melinda Miguel, Chief Inspector General
Kathy DuBose, Coordinator, Joint Legislative Audit Committee

R. A. Gray Building • 500 South Bronough Street • Tallahassee, Florida 32399
Telephone: (850) 245-6500 • Facsimile: (850) 245-6125 www.dos.state.fl.us
Commemorating 500 years of Florida history www.fla500.com



**STATUS REPORT ON CORRECTIVE ACTIONS
FOR
AUDITOR GENERAL REPORT NUMBER 2014-181
DEPARTMENT OF STATE VOTING SYSTEMS STANDARDS AND
CERTIFICATIONS AND PRIOR AUDIT FOLLOW-UP
SEPTEMBER, 2014**

The purpose of this follow up is to report on the current status of corrective actions taken by Department of State management in response to the recommendations made by the Auditor General in the Department of State Voting Systems Standards and Certifications and Prior Audit Follow-up- Audit Report 2014-181.

Finding No. 1: The Department's voting system examination and certification processes needs improvement to ensure compliance with State law and Florida Voting System Standards.

Recommendation: We recommend that Department management ensure that:

- Voting system examination tools are consistently utilized and properly completed and that documentation is retained to demonstrate the Department's examination efforts.
- All required voting system examination reports and documentation are prepared in accordance with State law and the Standards.
- Voting systems are approved or disapproved within the time frame established in State law.

Agency Response:

The Department concurs with the findings that the submission, examination and approval process should be adequately documented including a final report or closing report whichever is applicable following an examination and recommendation to approve or disapprove. Instances do occur in which a vendor may for any stated or unstated reason to choose to withdraw or suspend his or her system before an examination is even completed and/or a determination is ever reached as to approval or disapproval of a system or modification to a system. The Department has already initiated procedures to ensure better documentation in the application process, including communications, withdrawal, suspension, status reports, and recommendation for approval or disapproval for each voting system's application. The Department has also begun to substantially revise and update its *Voting Systems Standards*.

Department's Response to the Status of Corrective Action for Finding No. 1:

As stated in the initial Agency Response, the Department has initiated procedures to document the status of a voting system as it undergoes testing and the Department has completed a substantial draft of revisions to the Florida Voting Systems Standards, Form DS-DE 101, which is incorporated by reference in Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code. The Florida Voting Systems Standards is a

very lengthy and detailed, technological document that will require extensive review by staff and the public before its adoption. The Department expects the rulemaking process for the rule to be completed no later than June 2015.

Conclusion:

The Department has begun developing procedures to document the status of a voting system as it undergoes testing and the Department has begun to substantially draft revisions to the Florida Voting Systems Standards, Form DS-DE 101, which is incorporated by reference in Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code. The Department plans to fully implement the corrective action no later than June 2015.

Finding No. 2: The Department had not established policies and procedures to ensure compliance with the State law requiring that the Secretary of State and any examiners have no pecuniary (financial) interest in the voting systems equipment examined.

Recommendation: We recommend that Department management establish and implement policies and procedures that designate the employee positions with voting system examiner responsibilities and that provide for periodic written attestations from the Secretary of State and designated examiners affirming the absence of any pecuniary interests in any voting equipment.

Agency Response:

The Department of State concurs with the finding and recommendation. The Department has developed the use of a form to fulfill the recommendation (BVSC 023, eff. 02/2014). For each submitted application for approval of a voting system or equipment, each examiner and the Secretary of State will complete the form to indicate whether they have any pecuniary interest in the voting equipment. Additionally, the Department will amend Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code, with its incorporated form, DS-DE 101 (Florida Voting Systems Standards), to define “examiner” as a person within BVSC who has the official duty to check that entity testing is done correctly according to statutes and rules and who recommends a system for approval or disapproval to Florida Division of Elections.”

Department’s Response to the Status of Corrective Action for Finding No. 2:

The Department has initiated the use of Form BVSC 023 to ensure each “examiner” and the Secretary of State verify they have no pecuniary interest in voting equipment. Also, the Department will incorporate into Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code, a definition of “examiner” through the revised, incorporated Florida Voting Systems Standards, Form DS-DE 101. The Department expects the rulemaking process for the rule to be completed no later than June 2015.

Conclusion:

The Department is using Form BVSC 023 to ensure each “examiner” and the Secretary of State verify they have no pecuniary interest in voting equipment. The Department plans to fully implement the corrective action no later than June 2015.

Finding No. 3: The Department did not seek reimbursement from voting system vendors, as provided for in State law, for all the actual costs associated with voting system examinations.

Recommendation: We recommend that Department management seek legislative clarification regarding the actual voting system examination costs subject to voting system applicant reimbursement pursuant to State law. Additionally, we recommend that Department management enhance the review of reimbursement requests for voting system examination costs to ensure that all costs permitted by State law are included.

Agency Response:

The Department of State concurs with the finding and believes that through the rulemaking process it can seek clarification from the Florida Legislature’s Joint Administrative Procedures Committee, regarding what constitutes “actual costs” under s. 101.5605(2)(b), Florida Statutes. As the agency charged with interpreting the statute, the Department intends to define “actual costs” when it revises the Florida Voting Systems Standards (Form DS-DE 101), as incorporated by reference into Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code. The current rule draft includes the following: “[r]eimbursable actual costs of testing include reasonable travel costs such as lodging, car rental, parking, gas, airfare, travel-related fees and in the case of meals, not to exceed the per diem rate established per s. 112.061(6), F.S.”

To further enhance the recommended review of reimbursement requests for voting system examination costs, the Department will submit BVSC’s reimbursement requests to the same level of scrutiny and review currently applied to reimbursement requests sought by state employees for state-related travel. This review will occur before presenting the costs for reimbursement to the entity which had the voting system tested.

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

The Department will incorporate into Rule 1S-5.001 (Voting Systems Equipment Regulations), Fla. Admin. Code, a definition of “actual costs” through the revised, incorporated Florida Voting Systems Standards, Form DS-DE 101. The Department expects the rulemaking process for the rule to be completed no later than June 2015. Also, as stated in the Agency Response, the Department will have the cost reimbursement requests reviewed before their submission to ensure the requests capture all reimbursable costs.

Conclusion:

The Department plans to fully implement the corrective action no later than June 2015.

Finding No. 4: The Department did not have adequate acquisition filing procedures in place to ensure the accuracy and completeness of the Department's inventory of county voting systems.

Recommendation: To ensure the accuracy and completeness of the Department's inventory of county voting systems, we recommend that Department management enhance procedures to appropriately address the processing of acquisition filings and the maintenance of the county voting systems inventory listing and to require that Department staff timely follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems.

Agency Response:

The Department of State acknowledges the need for better informal internal protocols in determining what new systems and updates are in use in the State. The Department has already instituted enhanced internal procedures and timelines to follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems and better maintain the Department's inventory of county voting systems.

Department's Response to the Status of Corrective Action for Finding No. 4:

As stated in the Agency Response, the Department has instituted enhanced internal procedures and timelines to follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems, which permits the Department to better maintain the Department's inventory of county voting systems. With the tracking mechanisms currently in place, the Department now has adequate acquisition filing procedures to ensure the accuracy and completeness of the Department's inventory of county voting systems.

Conclusion:

The Bureau of Voting Systems Certification has started enhancing the procedures and using a mechanism to document the follow-up with counties regarding the implementation of newly acquired, modified, or upgraded voting systems, which permits the Department to better maintain the Department's inventory of county voting systems. The full implementation of this recommendation will be completed by March 2015.

Finding No. 5: Improvements are needed in the conduct and documentation of Department reviews of county voting system security procedures to better ensure and demonstrate that the procedures meet the minimum security standards established pursuant to State law.

Recommendation: We recommend that Department management enhance the Department's policies and procedures to:

- Require timely follow up with counties that have security procedures deficiencies to ensure that the counties appropriately revise the procedures to comply with State law and to meet the minimum security standards set forth in Department rules.
- Ensure that reviews of revised county voting system security procedures are completed within 30 days in accordance with Department rules.

- Better ensure that Department staff maintain adequate documentation to demonstrate the receipt and review of revised county security procedures and Department management's approval of the review package and to promote compliance with the applicable State records retention schedule.
- Verify, in advance of performing a statutorily required biennial voting system security procedures review, that the Department has the county's most recent security procedures on file.
- Provide counties with the results of the biennial voting system security procedures reviews and to follow up with counties, as appropriate, to promote the establishment of county security procedures that comply with State law and minimum security standards.

Agency Response:

The Department of State concurs with the finding and recommendations regarding enhancements to our procedures. Rule 1S-2.015, Fla. Admin. Code, is currently undergoing revisions and those revisions will address the findings by implementing the recommended corrective action.

Department's Response to the Status of Corrective Action for Finding No. 5:

As stated in the Agency Response, the Department intends to amend Rule 1S-2.015, Fla. Admin. Code, to address the findings by implementing the recommended corrective action. The Department expects the rulemaking process to be completed no later than June 2015.

Conclusion:

The Department plans to fully implement the corrective action no later than June 2015.

PRIOR AUDIT FOLLOW-UP

Finding No. 6: Improvements are still needed to ensure the timely recording of tangible personal property acquisitions and proper accountability for Department property items.

Recommendation: When property acquisitions are not timely recorded, the effectiveness of the Department's controls for providing accountability for property items is weakened. We recommend that Department management ensure that property items acquired are timely recorded in the property records in accordance with State requirements and Department procedures.

Agency Response:

The Department of State concurs with the finding. The Department has taken steps to reaffirm its policy regarding recording property purchases in the property inventory system in a timely manner. The Department of State Inspector General Office completed a property inventory procedure review on January 14, 2014 and the process of new inventory intake was handled per the procedures with no discrepancies.

Department's Response to the Status of Corrective Action for Finding No. 6:

The Department of State management has ensured that property items acquired are timely recorded in the property records in accordance with State requirements and Department procedures. The Department of State Inspector General Office issued a memorandum on January 14, 2014 that the process of new inventory intake is being handled per the procedures with no discrepancies.

Conclusion:

The Department has fully implemented the corrective action.

Finding No. 7: The Department's user access privilege controls related to the grants administration system continue to need enhancement.

Recommendation: We recommend that Department management continue efforts to strengthen user access privilege controls for the grants administration system to reduce the risk of unauthorized access to, modification of, or destruction of Department data and IT resources.

Agency Response:

The Department of State concurs with the finding. The corrective actions are on file with the Secretary of State.

Department's Response to the Status of Corrective Action for Finding No. 7:

The group membership has been reviewed and the roles have been divided into five groups that require different levels of access. The implementation of these access levels into the code will be performed through a complete rewrite of the application. The timeline for completion will be September 2015.

As an intermediate step, members of the current administrative group who only require report generation can be removed from the system and tools can be provided to create those reports within the application. This reporting piece will be completed by November 2014.

Conclusion:

The Department plans to fully implement the corrective action no later than September 2015.

ADDITIONAL MATTER

Finding No. 8: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Recommendation: We recommend that Department management continue efforts to ensure the timely cancellation of PCards when cardholders separate from Department employment.

Agency Response:

The Department of State concurs with the finding. The Department has instituted measures to insure PCard cancellation upon employee termination. The Department of State Inspector General Office is currently performing a review of the Department's purchasing card plan and the preliminary results of the review reflected that all separated employee cardholders for 2013 were timely deactivated from FLAIR.

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

The Department has instituted measures to insure PCard cancellation upon employee termination. The Department of State Inspector General Office issued a memorandum on April 15, 2014 on the review of the internal controls related to the Department's Purchasing Card Program. They determined that the established internal controls related to the Department's Purchasing Card Program provided reasonable assurance that the Division of Administrative Services is managing the program in compliance with laws and regulation. They determined during their review that the purchasing card cancellation issue identified in the operational audit by the Auditor General were being timely canceled when cardholders separated from the department.

Conclusion:

The Department has fully implemented the corrective action.