



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY  
COMMISSIONER

May 8, 2009

Mr. Kevin M. McCarty  
Commissioner of Insurance  
Office of Insurance Regulation  
200 E. Gaines Street  
Tallahassee, FL 32399

Re: Auditor General Operational Audit -- **Report No. 2009-036 dated November 2008** --  
Office of Insurance Regulation's Applications Coordination Electronic Document  
Management System (Applications System)

Dear Commissioner McCarty:

Status information concerning corrective actions that have been taken in response to the findings that were documented in referenced report is provided in the attached documentation pursuant to Section 20.055(5) (h), Florida Statutes. Corrective actions are keyed to the findings in the referenced report.

Sincerely,

  
A.E. Callahan

AEC/aec

Attachment

Cc: Audrey Brown, Chief of Staff  
Rebecca McCarley, Deputy Chief of Staff  
Belinda Miller, Deputy Commissioner, P&C, Office of Insurance Regulation  
Mary Beth Senkewicz, Deputy Commissioner, L&H/Specialty, Office of Insurance  
Regulation  
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JLAC  
Rec 5/13/2009

Follow up to the Auditor General's Operational Audit – Report No. 2009-036 – Office of Insurance Regulation (the Office) Applications Coordination Electronic Document Management System (Applications System)

### **Change Management**

Finding No. 1: OIR change management controls could be enhanced. OIR staff was unable to provide documentation to evidence user acceptance testing and approval for all Application System program changes.

Recommendation: To enhance change management controls, OIR should ensure that documentation of user acceptance testing and approval of all Application System program changes is maintained.

Follow up: The Office concurred with Finding No. 1 and related recommendations. Each program change is currently:

- Numbered using change management numbers;
- Developed in a development environment
- Tested in a test environment;
- Tested in a production environment;
- Approved by sign-off of system owners in both test and production environments; and
- Implemented following approval by the affected application system owner.

This agency determined that, inasmuch as the current change management procedures described above are in compliance with the Office's Change Management Administrative Policy and Procedure (AP&P) – OIR AP&P 1-1 and the Department of Financial Service (DFS) Division of Information Systems (DIS) Operating Procedure governing change management -- DIS 015 -- there is no need to update OIR AP&P 1-1 at this time.

### **Batch Processing Controls**

Finding No. 2: The OIR scanning and indexing process could be enhanced by implementing batch processing controls that ensure all documents received with an application package are processed.

Recommendation: OIR should implement input controls to include counting and recording the total number of documents in an application package prior to scanning and indexing. Such counts should be compared to system-generated count totals upon completion of the scanning and indexing process.

Follow Up: The Office concurred with Finding No. 2 and related recommendations. Accordingly, a formal OIR internal procedure has been developed and implemented to reflect this finding and related recommendations

### User Access

Finding No. 3: OIR security controls over user access to the Applications System need improvement.

Recommendation: To minimize the risk of compromising OIR data and information technology (IT) resources, OIR should strengthen its IT security controls related to the management of access privileges and should maintain all user access documentation.

Follow Up: The Office concurred with Finding No. 3 and related recommendations. A revised AP&P that addresses Application Access Control -- DFS AP&P 4-05 -- is currently under review in draft form that has been found to be acceptable for implementation by the Office. Accordingly, it has been determined by this agency that development of an AP&P by this agency that addresses Application Access Control is no longer necessary. In addition to adopting DFS AP&P 4-05, the Office will develop an internal administrative procedure which will be applicable to all of the Office's application system owners and which will ensure compliance with DFS AP&P 4-05.

Access Control for the Office currently includes:

- Appropriate and timely action for requesting, approving, assigning and removing user access accounts;
- Periodic review of user access privileges; and
- The use of controls that assure effective administration, management and control of application system access privileges.

Action has recently been taken to complete a risk assessment of all of the office's application systems. Additionally, action has been taken to identify and document the owners of each of the office's application systems. This information, together with information and guidance provided by DFS AP&P 4-05 and the Office's internal procedure that is described above will help assure that effective application system access controls are employed by all organizational elements within this agency.

Finally, we have recently learned that data security will be further enhanced within the Office by use of Active Directory in such a manner that password control will be enforced, including requirements for ensuring periodic password change, for major application systems such as CORE.