



# Department of Agriculture and Consumer Services Office of Inspector General

## External Audit Status Report

June 2019

Report No. 2019-064

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### **Operational Audit of the Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-up**

#### **AT A GLANCE**\_\_\_\_\_

The Inspector General is required by section 20.055(6)(h), Florida Statutes, to report to the Commissioner of Agriculture on the status of corrective actions taken based on reports published by the Auditor General or the Office of Program Policy Analysis and Government Accountability. The Auditor General's Report No. 2019-064 on the Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-up<sup>1</sup> contains findings and recommendations that required corrective action by the Florida Department of Agriculture and Consumer Services (Department).

The operational audit focused primarily on activities performed by the Division of Licensing (Division), and the Division has taken action to address many of the issues identified during the audit. In addition, the Department established a contractual services agreement with a vendor to conduct a business process review of each bureau within the Division. As part of this effort, the contractor shall determine and collect business requirements, administrative functions, staffing requirements,

management needs, internal controls, and functional needs for the proposed business process review.

The cumulative documentation provided by the contractor will be used to effectively and efficiently create a plan that is actionable, identifying adequate staffing needs and ensuring proper internal control measures are being utilized.

Lastly, during this year's legislative session, a budget issue for the Division accomplishes the following:

- converts 19 OPS positions to remove temporary staff from the concealed weapon license application review process;
- secures six new FTE to bolster the quality assurance reviews of processed license applications; and
- provides \$157,713 in additional salaries and benefits authority to reclassify 44 positions to higher classifications to ensure the appropriate position levels are utilized to staff critical processes.

The status of corrective actions as reported by Department management are summarized in this report.

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<sup>1</sup> The Auditor General performed test procedures to assess corrective actions taken by the Department to address findings noted in prior audit report Nos. 2015-016 and 2015-182.

## FINDINGS DETAIL

### *CONCEALED WEAPON OR FIREARM LICENSE APPLICATION PROCESSING CONTROLS*

**Finding:** Department controls for processing concealed weapon license applications need enhancement. Additionally, data publicly reported by the Department regarding Division of Licensing (Division) actions was not always complete or accurate.

**Recommendation:** The Auditor General recommends that Division management enhance concealed weapon license application processing controls, including revising policies and procedures to require, before licenses are issued, that all NICS reports be retrieved and added to applicant records. In addition, to better ensure that the Legislature and the public can appropriately assess Division performance, the Auditor General recommends that Division management ensure that complete and accurate data regarding Division licensing actions is reported. Further, to promote government accountability, any identified weaknesses pertinent to internal controls subject to audit should be timely communicated to external auditors.

**Status:** Corrected

On October 17, 2018, the Division began to automatically index NICS Index results to all packages based on the daily manual reports retrieved from the Florida Department of Law Enforcement (FDLE) Firearms Eligibility System. Subsequently, on October 31, 2018, event code programming was put in place that required staff to add an event code certifying review of either NICS eligible or NICS ineligible prior to moving to either issuance or denial, respectively.

The Division will review its current reporting metrics to ensure compliance with applicable statutes, and additionally, review non-standard data reporting techniques to ensure error free calculation for future data subsets.

During future audits, any identified weaknesses pertinent to internal controls will be timely communicated to external auditors.

### *MANAGEMENT OVERSIGHT*

**Finding:** Department management oversight controls for administering the concealed weapon licensing process were not always adequate or effectively implemented.

**Recommendation:** The Auditor General recommends that Division management enhance oversight controls for the concealed weapon licensing process. Such enhancements should include:

- Thorough review of management reports to determine the extent of employee performance deficiencies and whether any deficiencies may have resulted in the issuance of a concealed weapon license in error.
- Division records evidencing that management addressed potential performance deficiencies with both Division employees and contracted employees.
- Employee evaluations that better reflect employee performance issues noted in management reports and periodic documented evaluations of contracted staff performance.

**Status:** Corrected

Beginning June 18, 2018, the Division revised its weekly “Not Viewed” reports to print daily. The reports continue to be provided to Bureau of License Issuance (BLI) management and are reviewed daily

before any license can be printed. Management notes on each report whether an entry constitutes a processing error requiring administrative action, a processing error not requiring administrative action, or a determination that no error has occurred. The Division will be implementing printer hardware and software changes to prevent the printing of a license if all required information is not viewed during processing.

The Division takes action regarding employees who appear more than once on the “Not Viewed” report. Beginning in Fiscal Year 2019-2020, performance expectations will be added to each processing and verification employee’s performance plan regarding review of all applicant information in the Division’s possession. The Division maintains copies of all daily reports generated along with management review notes citing actions taken, including referrals to the Bureau of Regulation and Enforcement (BRE) or for disciplinary action or additional training.

Future Division employee evaluations will better reflect employee performance issues noted in management reports.

#### *ERROR OR OMISSION LETTERS*

**Finding:** The Department did not always timely notify applicants for private investigator, security officer, recovery agent, and concealed weapon licenses of application errors or omissions.

**Recommendation:** The Auditor General recommends that Division management enhance controls to ensure that license applicants are timely notified of application errors or omissions.

#### **Status: Corrected**

Application errors and omissions are most common within paper-based applications as opposed to those submitted electronically. The Division has taken multiple steps to reduce paper-based applications, including the introduction of electronic renewal application processing in September 2015 for tax collector offices. Additionally, the Division introduced online concealed weapon license renewal submissions in September 2016. In December 2017, the Division introduced the ability to file new concealed weapon license applications online. The Division will continue to seek ways to further reduce paper license applications and error and omission letters.

#### *TIMELINESS OF INVESTIGATIONS*

**Finding:** The Department had not established time frames for completing investigations of complaints related to possible noncompliance by individuals advertising as providing or performing private security, private investigative, or recovery activities.

**Recommendation:** To ensure that complaints are timely investigated, the Auditor General recommends that Office<sup>2</sup> and Bureau of Regulation and Enforcement management establish time frames for completing investigation activities.

#### **Status: Corrected**

#### Division

The BRE Regulatory Compliance Section has established policy and procedure to assign complaints to the OALE within three business days of the receipt of the complaint.

The BRE Regulatory Oversight Section has established policy and procedure to assign

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<sup>2</sup> Office of Agricultural Law Enforcement (OALE)

completed investigations to attorneys within three business days of the date the investigative report is received from OALE.

### OALE

The Regulatory Investigative Section's Standard Operating Procedures (SOP) were updated to specify that the employee taking the information will complete the initial report as soon as possible. In all cases, documentation shall be completed within three business days. In addition, the SOP states that the investigator should endeavor to complete investigations within 60 days of assignment.

### *MATCH REPORTS*

**Finding:** Department controls for ensuring that licenses are only held by persons who possess the qualifications provided in State law could be enhanced to specify time frames for reviewing disqualifying information and appropriately documenting the basis for Department actions.

**Recommendation:** The Auditor General recommends that Division management revise policies and procedures to establish time frames for reviewing match reports and take steps to ensure that Division records include sufficient documentation evidencing the basis for not taking action regarding potential licensee disqualifying events or conditions.

**Status:** Corrected

The BRE has established written policy and procedure such that match reports received on a daily basis (e.g., Domestic Violence) are expected to be completed on the date received. Reports received weekly (e.g., Florida Mental Competency) are expected to be completed within the week the report is received. Reports received monthly (e.g.,

Department of Corrections) are expected to be completed before the close of the month.

The BRE has established policy and procedure requiring records, such as CCIS records, to support a "no further action" recommendation. The Division's Quality Assurance Unit (QAU) also conducts checks to see if records, such as CCIS, should have been added to a match report as part of the routine assessments of the Bureau.

### *QUALITY ASSURANCE REVIEWS*

**Finding:** Department controls for conducting quality assurance reviews of processed license applications and match reports previously reviewed by Division staff need enhancement to ensure that the reviews are timely and independently conducted, review results are adequately documented, and corrective actions are timely implemented.

**Recommendation:** The Auditor General recommends that Quality Assurance management enhance controls to prevent LICG and IPM application update privileges for staff responsible for conducting quality assurance reviews. The Auditor General also recommends that Quality Assurance, Bureau of License Issuance, and Bureau of Regulation Enforcement management ensure quality assurance reviews are timely completed and appropriately supported and corrective actions are timely implemented in accordance with established policies and procedures.

**Status:** Partially Corrected

QAU staff privileges in the License Manager and Reflections databases have been modified to provide read-only access. System limitations of the Image Processing Management database prevent limiting users to read-only access.

Time frames for completing routine assessments and for the receiving bureaus to review and respond to the routine assessment reports were established in Division policy 1.12 and Bureau Standard Operating Procedure 5.3 in September 2017. The Division has established a 30 day time frame for completion of reports by the QAU after receipt of the dataset. Within 30 days of receipt of findings, bureau chiefs shall review the findings, take appropriate corrective action if needed, and provide feedback on the QAU Routine Assessment Report.

### *LICENSE REVENUES*

**Finding:** Department controls for the timely deposit of license fees and reimbursement of overpayments need enhancement.

**Recommendation:** The Auditor General recommends that Division management enhance controls to ensure that fees received are timely deposited in the State Treasury and applicant and licensee overpayments are promptly reimbursed.

**Status:** Corrected

In October 2018, the DOL implemented a new process whereby all checks and money orders received in regional offices are electronically deposited remotely the day after received. This initiative effectively eliminates the possibility of any check or money order received at a regional office being deposited outside statutory requirements. The initiative also substantially reduces the volume of negotiable instruments being shipped to Tallahassee, resulting in a significantly reduced processing time.

The BLI generates refund forms and has implemented internal controls for review of license application files so that overpayments will generate refund forms for mailing as required.

### *BACKGROUND SCREENINGS*

**Finding:** The Department did not always ensure that employee background screening results were timely conducted and the results adequately reviewed when individuals were employed in positions of special trust. Additionally, the Department did not always ensure that periodic screenings were performed after employment.

**Recommendation:** The Auditor General recommends that Department management ensure level 2 background screenings are timely conducted and the results adequately reviewed when individuals are employed in positions of special trust. The Auditor General also recommends that Department management subject applicable Department employees to periodic level 2 background screenings as a condition of continued employment.

**Status:** Partially Corrected

The Department changed its process to a pre-employment screening in 2016. In addition, the Department requires all employees to acknowledge receipt and review of Administrative Policies and Procedures No. 5-3, Disciplinary Policy and Employee Standards of Conduct, and relies on those employees to comply with Section III., F., which states, in part, that a Department employee shall report any arrest, criminal citation and/or notice to appear to their supervisor within two business days of occurrence.

### *IT ACCESS PRIVILEGE CONTROLS*

**Finding:** As similarly noted in the Auditor General's Report No. 2015-016, the Department did not always timely deactivate information technology (IT) user access privileges upon an employee's separation from Department employment. Additionally, Department policies and procedures still do

not appropriately reduce the risk that unauthorized access may occur.

**Recommendation:** The Auditor General recommends that Department management ensure that periodic reviews of IT system user access privileges are performed. In addition, the Auditor General again recommends that Department management ensure that IT system user access privileges are timely deactivated upon a user's separation from employment.

**Status:** Corrected

#### Division

The DOL has implemented periodic reviews of its systems to ensure user access privileges are deactivated as appropriate. The procedure includes a Division level annual audit which includes supervisory review of all assigned staff and staff access levels. Additionally, the Division sends Division IT personnel a copy of all resignation letters and prepares a separation report for separating employees. IT personnel document the separation date and schedule account disability for 5:00 p.m. on the date of separation. Dismissal separations are processed by the director's office and coordinated with IT personnel to immediately disable access pending approval per Division policy. Additionally, IT personnel forward documentation to the Department's Office of Agriculture Technology Services (OATS) to disable agency access.

#### Division of Consumer Services (DCS)

A form was developed in the DOCS database that allows the DCS personnel liaison to enter the separation date of an employee once a notice of separation is submitted. The system then sets the user to an inactive status at the end of the day the employee separates. This is accomplished in a system batch job which

runs each day during off hours. This change will ensure access to the DOCS database will occur within the prescribed time period.

#### Enterprise

Daily, upon receipt of either an employee separation report or appointment request which includes effective dates from the Bureau of Personnel, the OATS Help Desk Manager will perform appropriate actions to either disable or change accounts, respectively. The OATS Help Desk Manager also runs a daily query to find users with active access but marked with an end date from PeopleFirst, then performs actions to disable those accounts.

The logic for the generation of the Coop and Personal Asset System separation report was corrected to include all separated employees in the report, including those whose supervisory position is vacant. Further, the OATS Help Desk Manager also added a daily report process that finds any assigned Oracle account that is not recorded in the database. If found, the help desk will then record the Oracle account assignment. This is done to ensure the help desk will get notified to close Oracle accounts when an employee is separated. In the event of an immediate dismissal, divisions call the OATS Help Desk to have the account disabled at a specific time; the appropriate accompanying paperwork and separation report from the Bureau of Personnel follows.

#### *IT CHANGE MANAGEMENT CONTROLS*

**Finding 10:** Department IT change management controls continue to need enhancement to ensure that responsibilities for all IT resource program changes are appropriately separated and program changes are documented in accordance with Department policies and procedures.

**Recommendation:** The Auditor General again recommends that Department management separate, to the extent possible, responsibilities for all IT resource program changes and ensure that program changes are documented in accordance with established Department policies and procedures. If the separation of incompatible duties is not practical, compensating controls, such as documented supervisory review of the change management process, should be implemented.

**Status:** Corrected

Division of Fruit and Vegetables (DFV)

The DFV has implemented a change in the process which ensures proper segregation of duties exists in regard to program changes. Upon notification from the industry or staff of issues, DFV staff document the issue or request and submit the proper form following the change management workflow process for all changes to the Brix Acid Unit system or Citranet. These requests are to be approved by the DFV information officer or designee.

Division of Aquaculture (DAQ)

The DAQ has limited IT FTEs. Therefore, to enhance the DAQ's current management controls, the DAQ proposes that the distributed systems administrator notify the DAQ director for approval and change oversight each time a database change is requested and again notify the DAQ director for final review and functionality testing prior to implementation within the DAQ's information management systems.

Division

The Division does not currently have multiple programmers available to adequately separate certain duties. Therefore, an updated Division IT project

request form will include supervisory oversight and review of the change management process. This review will be evident by a signature block on the IT project request.

*TRANSFER OF TIMBER  
SALES PROCEEDS*

**Finding:** To facilitate State agency compliance with statutory deposit requirements and reduce the risk of theft or loss, Department controls continue to need enhancement to ensure that checks for timber sales proceeds are timely transferred to the Department of Environmental Protection (DEP) and the Fish and Wildlife Conservation Commission (FWCC).

**Recommendation:** To facilitate State agency compliance with statutory deposit requirements and reduce the risk of theft or loss, the Auditor General again recommends that Department management take steps to ensure that checks for timber sales proceeds are timely transferred to the DEP and the FWCC.

**Status:** Corrected

To expedite the transfer of checks for proceeds of timber sales to other state agencies, the Florida Forest Service (FFS) has changed the processing procedures. The FFS field units which receive the proceeds now forward those checks directly to the recipient, which will assist in ensuring compliance with statutory requirements.

*INSPECTION DOCUMENTATION*

**Finding:** The Department did not always ensure that large cannery citrus regrade inspections were properly conducted or adequately documented in accordance with established administrative rules. A similar finding was noted in the Auditor General's report No. 2015-182.

**Recommendation:** The Auditor General again recommends that Department management ensure that inspections are conducted and documented in accordance with established administrative rules.

**Status: Corrected**

The DFV implemented a revised policy and procedure regarding Regrade Certificates to ensure inspections are conducted and documented in accordance with established administrative rules.

*INSPECTION TIMELINESS*

**Finding 14:** The Department had not established time frames for performing re-inspections of facility petroleum and scale devices to ensure that corrective actions for stop use orders were timely and appropriately taken. Additionally, as similarly noted in the Auditor General's report No. 2015-182, the Department did not always timely conduct re-inspections of facility petroleum and scale devices.

**Recommendation:** To ensure that corrective actions for stop use orders are timely and appropriately taken, the Auditor General recommends that Division management establish time frames for performing re-inspections of facility petroleum and scale devices. Division records should demonstrate that such re-inspection time frames appropriately minimize the safety and

economic risks posed to consumers from violations.

**Status: Corrected**

In the Bureau of Standards procedural guide, timelines for follow-up inspections of correction notices issued for violations of devices that do not pose a risk of harm are addressed and compliance is assured. In the case of violations of devices that do pose a risk of harm, the issuance of a "Stop Use Order" removes the violative device from service and thus the threat of harm, both safety and economic, has been eliminated.

As long as the device remains out of service, there is no requirement on the business to repair the device. Before a device is placed back in service, the business is required to notify the Department and the device will be re-inspected at that time. The device is placed on a Reinspection Report so the DCS is aware of any devices that are placed out of service. Inspectors monitor out of service devices periodically and during the next scheduled inspection to ensure the device remains out of service until brought into compliance. Additionally, supervisors also review the Reinspection Report and follow-up with inspectors regarding the status of devices that have been out of service for more than 60 days.

\*\*\*End of Report\*\*\*

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This status follow-up was conducted in conformance with the applicable standards for the General Principles and Standards for Offices of Inspector General, the International Standards for the Professional Practice of Internal Auditing, and Information Systems Auditing Standards as published by the Association of Inspectors General, the Institute of Internal Auditors and the Information Systems Audit and Control Association, respectively.

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