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Ron DeSantis, Governor
J. Todd Inman, Secretary

July 28, 2021

J. Todd Inman, Secretary
Department of Management Services
4030 Esplanade Way
Tallahassee, Florida, 32399-0950

Re: Auditor General Report No. 2021-112, Department of Management Services Selected Administrative Activities and Prior Audit Follow-up

Dear Secretary Inman:

Section 20.055(6)(h), Florida Statutes, requires the Inspector General to monitor the implementation of corrective actions for any report on the Department of Management Services (Department) issued by the Auditor General (AG) or by the Office of Program Policy Analysis and Government Accountability. The referenced statute further requires that the Inspector General provide a written response on the status of actions taken. The purpose of this letter is to provide updated information on the Department's response to the AG findings and fulfill these requirements.

In January 2021, the AG released its report No. 2021-112 titled *Department of Management Services Selected Administrative Activities and Prior Audit Follow-up*. The report outlined six audit findings and eight recommendations. Management has addressed two of the six findings and recommendations; therefore, these findings and recommendations are complete, pending verification by the AG. The following pages detail the Department's progress to address the findings and recommendations.

If you have any questions, please call me at 850-488-5285.

Sarah Beth Hall
Inspector General

Attachment

cc: Tami Fillyaw, Chief of Staff
Patrick Gillespie, Deputy Secretary of Business Operations
Tom Berger, Director of Division of Real Estate Development and Management
David Rathke, Director of Division of Finance and Administration
Melinda Miguel, Chief Inspector General
Kathy Dubose, Coordinator, Joint Legislative Auditing Committee

**Summary of Corrective Actions for
AG Report No. 2021-112, Department of Management Services
Selected Administrative Activities and Prior Audit Follow-up**

Finding 1: Florida Single Audit Act

Finding

Department controls for the administration of the requirements of the Florida Single Audit Act (FSAA) need improvement.

Recommendation

We recommend that Department management establish policies and procedures for administering the requirements of the FSAA, including policies and procedures for identifying non-State entities required to submit a Financial Reporting Package (FRP), tracking the receipt and review of FRPs, and determining whether timely and appropriate corrective action was taken for applicable audit findings and recommendations. We also recommend that Department management strengthen controls to ensure that State Financial Assistance (SFA) is appropriately recorded in Department records.

Six-month Follow-up Response

The Bureau of Financial Management Services (FMS) has developed a Single Audit Policy to define the roles and responsibilities of compliance with Single Audits under 2 CFR 200 and section 215.97, Florida Statutes. The policy is currently routing for approval and upon approval FMS will implement the policy and begin tracking compliance through SharePoint.

OIG Assessment

Partially complete.

Finding 2: Background Screenings

Finding

Department security administrators did not always receive periodic background screenings in accordance with Department policies and procedures.

Recommendation

We recommend that Department management ensure that all employees in positions of special trust receive periodic level 2 background screenings in accordance with Department policies and procedures.

Six-month Follow-up Response

The Office of Human Resources (HR) has begun to run a monthly report to identify employees nearing their five-year Level 2 periodic background screening due date. HR Liaisons within each division are in the process of being trained on how to maintain this field within People First. As of June 1, 2021, all employees who did not receive their five-year Level 2 background screening have been notified and the background screening was completed or has been scheduled.

OIG Assessment

Complete, pending verification by AG.

Finding 3: FLAIR Access Controls

Finding

Department controls over employee access to the Florida Accounting Information Resource Subsystem (FLAIR) need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.

Recommendation

We recommend that Department management restrict user access privileges to FLAIR to promote an appropriate separation of duties and require that, where incompatible access privileges are necessary, compensating controls are established and documented. Department management should also ensure that FLAIR access privileges are removed immediately upon an employee's separation from Department employment.

Six-month Follow-up Response

The Department has begun using Cherwell for new hires and separations. FMS is included in the workflow and receives employee separation notifications to remove the employees' access from FLAIR. FMS is reviewing FLAIR access each quarter to ensure that employees who should no longer have access are removed timely. FMS is also reviewing employee access privileges to ensure that access aligns with current roles and responsibilities. If an employee's access is in question, FMS will contact the employee or the employee's supervisor to obtain more information prior to removing or limiting access.

Further, as a back-up system, every day (including weekends and holidays) a system generated "Daily Employee Action Report" is created and emailed to the email group "DMS Employee Actions." This group contains almost all members of HR; several members from the Bureau of Budget and Planning including the chief; budget liaisons within divisions; several members from FMS including the two system administrators that add and remove access to FLAIR; several members from the Bureau of Departmental Purchasing including the administrator that removes access to Purchasing Cards (P-Cards); and Statewide Travel Management System (STMS) administration email group. The report contains employment actions for new hires, transfers, and separations from the Department. This report is cumulative and currently has information from July 2020 to the date it was generated. The report identifies if the employee had or has access to MyFloridaMarketPlace (MFMP), P-Card, or FLAIR access.

In March 2021, FMS corrected the AG identified employees having incompatible FLAIR access privileges to inquiry only. However, FMS identified some individuals as system access control users whose incompatible access is crucial for their duties. In rare instances where staff members have incompatible access, and are not system access control users, the staff members' duties have been limited to certain functions. In a small accounting office such as FMS, cross functionality is crucial when staff time is limited. The FMS system of internal control governs what staff can do with their access and ensures the integrity of their functionality.

OIG Assessment

Partially complete.

Finding 4: Conflict of Interest Statements

Finding

Department controls continue to need enhancement to ensure that contract managers document that they are independent of, and have no conflicts of interest related to, the contracts they are responsible for managing.

Recommendation

We recommend that Department management enhance policies and procedures to ensure that all personnel responsible for managing contracts are subject to Department conflict of interest policies and procedures and that all contract managers complete conflict of interest statements evidencing that they are independent of, and have no conflicts of interest related to, the contracts they are responsible for managing.

Six-month Follow-up Response

No Conflict of Interest forms have been completed and filed for all contractual services contracts managed by the Division of Real Estate Development and Management (REDM). As of April 2019, the contract administrators completed *No Conflict of Interest* forms for all active construction contracts, both stand-alone and continuing services contracts, and continue to complete new forms as new contracts are executed.

REDM will expand the use of the *No Conflict of Interest* form to include the project managers for construction contracts. REDM addressed this change with staff prior to July 1, 2021, and started to enhance the process on July 1, 2021.

This procedure change will be included in the Policies and Procedures being developed for the contract managers, contract administrators, and project managers to ensure all contract management activities are conducted in an independent and impartial manner.

OIG Assessment

Partially complete.

Finding 5: Purchasing Card Controls

Finding

As similarly noted in our report No. 2017-214, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Recommendation

We again recommend that Department management strengthen procedures to ensure that purchasing cards are promptly canceled upon a cardholder's separation from Department employment.

Six-month Follow-up Response

The P-Card termination process is proceeding as outlined in the original report response. An automated system, Cherwell, is utilized to capture and monitor the workflow of employee separations. The additional safeguard of HR reporting to Departmental Purchasing on separations was put into place.

Further, as a back-up system, every day (including weekends and holidays) a system generated “Daily Employee Action Report” is created and emailed to the email group “DMS Employee Actions.” This group contains almost all members of HR; several members from the Bureau of Budget and Planning including the chief; budget liaisons within divisions; several members from FMS including the two system administrators that add and remove access to FLAIR; several members from the Bureau of Departmental Purchasing including the administrator that removes access to P-Cards; and STMS administration email group. The report contains employment actions for new hires, transfers, and separations from the Department. This report is cumulative and currently has information from July 2020 to the date it was generated. The report identifies if the employee had or has access to MFMP, P-Card, or FLAIR access.

OIG Assessment

Complete, pending verification by AG.

Finding 6: Facilities Management

Finding

Department practices for monitoring facility operations and maintenance activities continue to need enhancement.

Recommendation

We recommend that Department management continue efforts to update policies and procedures to reflect current Florida Facilities Pool (FFP) property operations, maintenance, and oversight practices and ensure that staff is provided clear guidance for documenting work orders in TRIRIGA¹. Also, we again recommend that Department management establish a comprehensive and documented process to assess the risks associated with FFP facilities, determine commensurate FFP facility monitoring requirements, and document monitoring activities and results.

Six-month Follow-up Response

REDM will continue to improve maintenance practices using the Facilities Manager Playbook. Additional guidelines will be added on how to utilize the monthly inspection sheets and perform the walk throughs at multiple levels within the facilities team. REDM will also develop inspection sheets which will include the recorded findings for future planning both short and long term. The findings from those reports will be added to the facilities master lists and the Capital Improvement Plans for budgeting repairs for the FFP, these are documented processes.

REDM will revisit the documented process for all work orders in TRIRIGA to ensure facilities teams are aware of any changes to the process and include those in the Facilities Manager Playbook.

OIG Assessment

Corrective actions have not been completed.

¹ TRIRIGA is a web-based integrated facility management system designed to increase the operational, financial, and environmental performance of facilities. Through business analytics, critical alerts, and automated process capabilities, IBM TRIRIGA can increase visibility, control, and automation of real estate management.