



Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

JARED W. PERDUE, P.E.
SECRETARY

September 24, 2024

Secretary Jared W. Perdue, P.E.
Department of Transportation
605 Suwannee Street
Tallahassee, FL 32399-0450

JLAC received 9.24.24

Re: Auditor General (AG) Operational Audit—Report No. 2024-174
Six-Month Response to Joint Legislative Auditing Committee (JLAC)

Dear Secretary Perdue:

Florida Statutes¹ require the Department to provide corrective action updates to JLAC six months from the release of an AG report containing findings. The attached six-month response to JLAC, regarding AG Report No. 2024-174, *State of Florida—Compliance and Internal Controls Over Financial Reporting and Federal Awards* (March 2024), provides status updates from the responsible managers for the following findings:

- **Finding 2023-016**, was remediated as of June 30, 2024.
- **Finding 2023-017**, regarding multi-factor authentication for CITS, may be resolved once CITS is replaced or migrated to the cloud and MFA can be incorporated. With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026.
- **Finding 2023-018**, was remediated as of June 30, 2024.
- **Finding 2023-019**, regarding multi-factor authentication for the Financial Management (FM) Suite, may be resolved once solutions for mainframe multi-factor authentication can be properly researched. With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026.
- **Finding 2023-020**, regarding multi-factor authentication for the Materials Acceptance and Certification (MAC) system, will be resolved once it is rewritten into a cloud-based application which will incorporate multi-factor authentication into the project. This is projected to be completed in the third quarter of SFY 2026-27.
- **Finding 2023-021**, was remediated as of September 16, 2024.

¹ 20.055(6)(h) F.S.

If you have any questions, please contact me at (850) 410-5506.

Sincerely,

DocuSigned by:

Kristofer B. Sullivan

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Kristofer B. Sullivan
Inspector General

cc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General
Leda Kelly, Chief of Staff
Rebekah Davis, Office of General Counsel
Will Watts, Assistant Secretary for Engineering & Operations
Lisa Saliba, Assistant Secretary for Finance & Administration
Kim Holland, Assistant Secretary for Strategic Development
Trey Tillander, Director of Transportation Technology
Joe Gilboy, Audit Director
Karen Brunelle, Federal Highway Administration

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Issuing Agency: Auditor General
Florida Department of Transportation

Finding No: 2023-016

Compliance Requirement: Activities Allowed/Unallowed and Allowable Costs/Cost Principles

Assistance Listing No.: 20.205 (Includes COVID-19 Awards)

Assistance Listing Program Title: Highway Planning and Construction

Finding: FDOT change management controls need improvement to ensure that all Consultant Invoice Transmittal System (CITS) program code changes are managed by, and do not bypass, the FDOT change management process.

Recommendation: We recommend that FDOT management enhance change management controls to ensure that all CITS program code changes are managed by, and do not bypass, the FDOT change management process.

Agency Response and Corrective Action Plan: We concur with this finding. We will review the Change Management system controls by December 2024. The Department feels that Change Management controls for the Consultant Invoice Transmittal System (CITS) in-place meet the expectations set through 60GG-2 to include separation of duties. The system of record for said changes is the ServiceNow Change Management component launched in September 2023 replacing the prior Change and Release Management Application (CARMA). ServiceNow can generate a list of changes for a period of time but not what in code specifically changed. Pulling information currently would be a custom query but as ServiceNow matures, querying will be easier. Of note for the CITS system is that while there is a web-based user interface, all functionality is conducted within mainframe services. When CITS is replaced or migrated to the cloud it will have the capability of a system-generated list of all program code changes.

Six-Month Follow-Up Response: FDOT's Transportation Technology Office reviewed the change management system controls and verified enhancements to the ServiceNow application that allow us to generate a list of change requests for a period of time through a custom query. We will pull this query quarterly to review and ensure all change requests for that period have gone through the appropriate processes and controls.

Estimated Completion Date: Completed

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Finding No: 2023-017

Compliance Requirement: Activities Allowed/Unallowed and Allowable Costs/Cost Principles

Assistance Listing No.: 20.205 (Includes COVID-19 Awards)

Assistance Listing Program Title: Highway Planning and Construction

Finding: Certain security controls related to user authentication for the Consultant Invoice Transmittal System (CITS) need improvement to ensure the confidentiality, integrity, and availability of CITS data and related information technology (IT) resources.

Recommendation: We recommend that FDOT management improve certain security controls related to CITS user authentication to ensure the confidentiality, integrity, and availability of CITS data and related IT resources.

Agency Response and Corrective Action Plan: We concur with this finding. FDOT is researching solutions for mainframe multi-factor authentication that would include the Consultant Invoice Transmittal System (CITS). With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026. When CITS is replaced or migrated to the cloud MFA can be incorporated.

Six-Month Follow-Up Response: FDOT's Transportation Technology Office is researching solutions for mainframe multifactor authentication that would include the Consultant Invoice Transmittal System (CITS). With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026. When CITS is replaced or migrated to the cloud MFA can be incorporated.

Estimated Completion Date: January 2026

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Finding No: 2023-018

Compliance Requirement: Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Matching, Level of Effort, Earmarking, and Special Tests and Provisions – Utilities

Assistance Listing No.: 20.205 (Includes COVID-19 Awards)

Assistance Listing Program Title: Highway Planning and Construction

Finding: FDOT change management controls need improvement to ensure that all Financial Management (FM) Suite program code changes are managed by, and do not bypass, the FDOT change management process.

Recommendation: We recommend that FDOT management enhance change management controls to ensure that all FM Suite program code changes are managed by, and do not bypass, the FDOT change management process.

Agency Response and Corrective Action Plan: We concur with this finding. We will review the Change Management system controls by December 2024. The Department feels that Change Management controls in-place for the Financial Management (FM) Suite meet the expectations set through 60GG-2 to include separation of duties. The system of record for said changes is the ServiceNow Change Management component launched in September 2023 replacing the prior Change and Release Management Application (CARMA). ServiceNow can generate a list of changes for a period of time but not what in code specifically changed. Pulling information currently would be a custom query but as ServiceNow matures, querying will be easier.

Six-Month Follow-Up Response: FDOT's Transportation Technology Office reviewed the change management system controls and verified enhancements to the ServiceNow application that allow us to generate a list of change requests for a period of time through a custom query. We will pull this query quarterly to review and ensure all change requests for that period have gone through the appropriate processes and controls.

Estimated Completion Date: Completed

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Finding No: 2023-019

Compliance Requirement: Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Matching, Level of Effort, Earmarking, and Special Tests and Provisions – Utilities

Assistance Listing No.: 20.205 (Includes COVID-19 Awards)

Assistance Listing Program Title: Highway Planning and Construction

Finding: Certain security controls related to user authentication for the Financial Management (FM) Suite need improvement to ensure the confidentiality, integrity, and availability of FM Suite data and related information technology (IT) resources.

Recommendation: We recommend that FDOT management improve certain security controls related to FM Suite user authentication to ensure the confidentiality, integrity, and availability of FM Suite data and related IT resources.

Agency Response and Corrective Action Plan: We concur with this finding. FDOT is researching solutions for mainframe multi-factor authentication that would include the Financial Management (FM) Suite. With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026.

Six-Month Follow-Up Response: FDOT's Transportation Technology Office is researching solutions for mainframe multifactor authentication that would include the Financial Management (FM) Suite. With the PALM project requiring numerous remediations on mainframe applications, this may not be feasible until after PALM goes live in January of 2026.

Estimated Completion Date: January 2026

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Finding No: 2023-020

Compliance Requirement: Special Tests and Provisions – Quality Assurance Program

Assistance Listing No.: 20.205 (Includes COVID-19 Awards)

Assistance Listing Program Title: Highway Planning and Construction

Finding: Certain security controls related to user authentication for the Materials Acceptance and Certification (MAC) system need improvement to ensure the confidentiality, integrity, and availability of MAC system data and related information technology (IT) resources.

Recommendation: We recommend that FDOT management improve certain security controls related to MAC system user authentication to ensure the confidentiality, integrity, and availability of MAC system data and related IT resources.

Agency Response and Corrective Action Plan: We concur with this finding. The Materials Acceptance and Certification application is being rewritten into a cloud-based application starting the first Quarter of State Fiscal Year (SFY) 2024/2025 and completing in the third quarter of SFY 2026/2027. Multi-factor authentication will be incorporated into that project.

Six-Month Follow-Up Response: FDOT's Transportation Technology Office Materials Acceptance and Certification application is being rewritten into a cloud-based application starting the first Quarter of State Fiscal Year (SFY) 2024/2025 and completing in the third quarter of SFY 2026/2027. Multi-factor authentication will be incorporated into that project.

Estimated Completion Date: Third Quarter SFY 2026/27

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Finding No: 2023-021

Compliance Requirement: Procurement and Suspension and Debarment

Assistance Listing No.: 20.509 (Includes COVID-19 Awards)

Assistance Listing Program Title: Formula Grants for Rural Areas and Tribal Program (FGRA)

Finding: FDOT records did not evidence that, prior to entering into covered transactions, the FDOT determined that the subrecipients were not excluded or otherwise disqualified by the Federal Government.

Recommendation: We recommend that FDOT management ensure that documentation of SAM verification is maintained in FDOT records.

Agency Response and Corrective Action Plan: We concur with this finding. The FDOT Transit Office has developed a Program Management Process. This process includes a section related to subrecipient application reviews and grant agreement execution at the District level. In each of these sections, grant managers are instructed to take the necessary steps to ensure subrecipients have an active registration in SAM.gov. The process also instructs grant managers to screenshot the SAM.gov registration and file it in the subrecipients organization tab in Transit's Grant Management System, TransCIP. Additionally, when the Federal Funding Accountability and Transparency Act (FFATA) report, Central Office grant managers are completing an additional verification of the subrecipients registration status. An internal desk guide was developed specifically for FFATA reporting to ensure continuity amongst staff and any new hires. The Transit Office holds regular District-wide meetings and will ensure this information and process is disseminated at the next meeting on, March 13, 2024.

Six-Month Follow-Up Response: The FDOT Transit Office has developed a Program Management Process. This process includes a section related to subrecipient application reviews and grant agreement execution at the District level. In each of these sections, grant managers are instructed to take the necessary steps to ensure subrecipients have an active registration in SAM.gov. The process also instructs grant managers to screenshot the SAM.gov registration and file it in the subrecipients organization tab in Transit's Grant Management System, TransCIP. Additionally, when the Federal Funding Accountability and Transparency Act (FFATA) report, Central Office grant managers are completing an additional verification of the subrecipients registration status. An internal desk guide was developed specifically for FFATA reporting to ensure continuity amongst staff and any new hires. Additionally, on September 16, 2024, the Districts were provided the Program Management

Florida Department of Transportation
Six-Month Status Report for Auditor General Operational Report No. 2024-174
State of Florida—Compliance and Internal Controls Over Financial Reporting and
Federal Awards (March 2024)

Process guide to address program management, subrecipient grant awards, and subrecipient oversight.

Estimated Completion Date: Completed