

**DEPARTMENT OF AGRICULTURE AND
CONSUMER SERVICES**

DISBURSEMENT CONTROLS

Operational Audit

For the Period July 2007 Through February 2009
and Selected Actions Through June 2009



COMMISSIONER OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Section 20.14, Florida Statutes, created the Department of Agriculture and Consumer Services. The head of the Department is the Commissioner of Agriculture. The Honorable Charles H. Bronson served as the Commissioner during the audit period.

The audit was supervised by Frank Becton, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at davidvick@aud.state.fl.us or by telephone at (850) 487-4494.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Disbursement Controls

SUMMARY

This operational audit of the Department of Agriculture and Consumer Services (Department) focused on disbursement controls including selected information technology controls relevant to the disbursement process. The audit covered the period July 2007 through February 2009, and selected actions through June 2009. Our audit disclosed the following:

POSITIONS OF SPECIAL TRUST

Finding No. 1: The Department had not designated as positions of special trust, key information technology positions with high access privileges and positions with access to sensitive locations, and had not ensured that appropriate background screenings, including fingerprinting, of the individuals in these positions had been performed. In addition, the Department could not demonstrate that contractors with access to AIMS or sensitive locations had received an appropriate background screening.

ADMINISTRATIVE IMAGE MANAGEMENT SYSTEM (AIMS)

Finding No. 2: The Department did not always timely remove employee AIMS access privileges when employees separated from the Department.

Finding No. 3: The Department could not demonstrate that program changes were tested by someone other than the programmer and that the changes were moved into production by an authorized individual other than the programmer.

FLORIDA ACCOUNTING INFORMATION RESOURCE SUBSYSTEM (FLAIR)

Finding No. 4: Employees performing financial management functions were assigned FLAIR access privileges that were incompatible with their assigned job responsibilities. In addition, multiple user names and user IDs were assigned to users, and the Department did not always timely remove FLAIR access privileges when employees separated from the Department.

BACKGROUND

The stated mission of the Department of Agriculture and Consumer Services (Department) is to safeguard the public and support Florida’s agricultural economy by:

- Ensuring the safety and wholesomeness of food and other consumer products through inspection and testing programs;
- Protecting consumers from unfair and deceptive business practices and providing consumer information;
- Assisting Florida farmers and agricultural industries with the production and promotion of agricultural products; and
- Conserving and protecting the State’s agricultural and natural resources by reducing wildfires, promoting environmentally safe agricultural practices, and managing public lands.

In the conduct of Department business, the Department incurred expenditures and expenses totaling approximately \$249 million (excluding payroll and other non-expenditure and non-expense transactions) during the period July 2007 through February 2009. Department expenditures and expenses included payments to independent contractors for consulting, engineering, data processing, and construction services; purchases of tangible personal property, including vehicles, agricultural equipment, fire equipment, and aircraft; expenditures for the repair and maintenance of tangible personal property; purchases of real property such as buildings and land; and grants and aid payments.

To facilitate the purchase of goods and services, the Department utilizes an online procurement system, the Administrative Image Management System (AIMS), which also functions as an electronic records imaging system.¹ AIMS allows:

- Program staff to prepare purchase requests online.
- Purchasing Office staff to review purchase requests.
- Electronic storage and communication of documents, such as vendor invoices.
- Online processing and audit of invoices by Bureau of Finance and Accounting staff.
- Electronic communication of purchasing activities to the Florida Accounting Information Resource Subsystem (FLAIR), the State’s general ledger accounting system.

Approved invoices are then submitted to the Department of Financial Services for review and payment.

FINDINGS AND RECOMMENDATIONS

Positions of Special Trust

Finding No. 1: Information Technology Employees

State law provides that each employing agency shall designate those employee positions that involve special trust or responsibility or sensitive location.² State law further provides that all employees in positions designated as positions of special trust or responsibility shall be required to undergo security background investigations, referred to as level 2 screenings, as a condition of employment and continued employment.³ The level 2 screenings are to include fingerprinting, Statewide criminal and juvenile records checks through the Florida Department of Law Enforcement, and Federal criminal records checks through the Federal Bureau of Investigation. In addition, *Florida Information Resource Security Policies and Standards* provide that background investigations are required for personnel in positions of special trust or for those individuals with access to sensitive locations.⁴

Our examination disclosed that the Department had not designated key information technology (IT) employee positions with high access privileges as positions of special trust. As a result, the Department had not ensured that appropriate background screenings, including fingerprinting, had been performed for persons in these positions. In addition, the Department had not designated as positions of special trust those positions with physical access to sensitive Department locations. Such positions included, for example, security administrators, management analysts, database administrators, telecommunications workers, and electronic maintenance mechanics. Consequently, the individuals filling these positions had not been subjected to an appropriate background screening. We further noted that the Department did not require documentation evidencing that contractors, including those who supported the AIMS application, had undergone and passed a level 2 screening.

Absent the performance of appropriate background screenings, the risk is increased that an individual with an inappropriate background could be employed or allowed access to sensitive Department locations and resources.

¹ Section 570.07(41), Florida Statutes, allows the Department to forgo use of the State’s online procurement system, MyFloridaMarketPlace.

² Section 110.1127(1), Florida Statutes.

³ Section 435.04(1) Florida Statutes.

⁴ Department of Management Services Rule 60DD-2.008(2)(c), Florida Administrative Code.

Recommendation: The Department should take steps to ensure that all individuals with high access privileges or physical access to sensitive locations undergo a level 2 background screening prior to allowing any form of system or physical access.

Administrative Image Management System (AIMS)

Finding No. 2: AIMS Access Controls

Effective security administration procedures reduce the risk of unauthorized system access by ensuring that:

- Appropriate and timely action is taken to request, approve, add, and remove user access accounts;
- User access privileges are periodically reviewed; and
- Necessary security controls relating to the management of access privileges are in place.

Department policies and procedures require that user accounts be canceled no later than the date of separation from an employee’s assigned position or last day in the office.⁵

Our testing disclosed that the Department did not timely remove access privileges for 53 of the 115 employees with AIMS user access and who separated from the Department during the audit period. Table 1 shows the length of time between the employees’ termination dates and the revocation of their AIMS user access privileges:

Table 1
Delays in Removing AIMS Access Privileges

Number of Employees	No. of Days Elapsed Between Termination and AIMS Access Privileges Revoked
35	2 – 10
11	11 – 20
2	21 – 30
5	Over 30

Source: Department Records.

The delay in canceling user access privileges increases the possibility of unauthorized access to information technology (IT) resources and the potential for disclosure, modification, or destruction of data and IT resources.

Recommendation: To minimize the risk of compromising data and IT resources, the Department should ensure that AIMS access privileges are revoked immediately upon employee termination.

Finding No. 3: AIMS Change Management Controls

Effective controls over computer program changes include procedures to ensure that all program changes are properly authorized, tested, and approved for implementation and provide that the testing and movement of program changes into production be performed by an authorized individual other than the programmer. Change management procedures should also include a tracking and reporting system for keeping change requestors and stakeholders up-to-date about changes to the system.

⁵ Administrative Policies and Procedures No. 1-18, Assignment, Monitoring, and Return of Assets and Account Closures.

Although the Department provided for our review information relating to 39 Department-identified program changes to AIMS during the audit period, the Department could not provide a control listing of all changes. Further, we selected 10 of the 39 program changes for review and noted that the Department was unable to provide documentation showing that the 10 program changes were tested and moved into production by an authorized individual other than the programmer. In response to audit inquiry, Department staff indicated that there was no tracking mechanism to show who performed the testing and movement into production and that the Department was working on a revised change management policy and procedure that will include an audit trail showing approvals at each stage of the development and implementation process.

Absent sufficient documentation, including a complete listing of changes made to AIMS and documentation showing approvals at each stage of the development and implementation process, the risk is increased that erroneous or unauthorized program changes may be placed into production and not timely detected.

Recommendation: To enhance program change controls, the Department should ensure that there is an adequate tracking mechanism for all program changes and that approvals at each stage of the development and implementation process are documented.

Florida Accounting Information Resource Subsystem (FLAIR)
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Finding No. 4: FLAIR Access Controls

The Department uses FLAIR to provide Department-level authorizations for payments of Department obligations and to record and report its financial transactions. Controls over employee access to FLAIR are necessary to help prevent and detect any improper or unauthorized use of FLAIR. Accordingly, FLAIR access should be: (1) limited to properly authorized employees; (2) appropriate for the employees’ assigned duties and responsibilities; and (3) promptly revoked when employees separate from the Department or are reassigned. The Department had implemented policies and procedures to help ensure the proper assignment, monitoring, and return or cancellation of all assets assigned to Department employees.⁶ Assets defined by the policies and procedures include user accounts with security access to Department information technologies, including but not limited to, network and e-mail accounts, telephone systems, and computer applications, such as FLAIR.

Our review of Department FLAIR access controls disclosed the following deficiencies:

- FLAIR access privileges were incompatible with the employees’ assigned job responsibilities for eight of ten employees who performed financial management functions during the audit period. For example, in five instances, the employee had unneeded update access to the State Chief Financial Officer Files function (SC) which allowed the employee to add or update accounts. In seven instances, employees had update access to both the Disbursement function (DB) used to record cash disbursements and the vendor files (VE and VC). In two instances, employees had update access both to the Fixed Assets – Accounting function (FA) used to record property transactions and transfers and to the Custodial function (FC). We also noted five instances in which employees had update access to both the disbursement and cash receipts functions. The assignment of excess access privileges or access privileges to incompatible functions may compromise the effectiveness of FLAIR security controls.
- One employee was assigned multiple user names and user identification codes (IDs), each having access to FLAIR and the ability to update FLAIR. Good business practices dictate that each user be limited to one user ID in order to assign a limited and specific level of FLAIR access to each authorized user.

⁶ Administrative Policies and Procedures No. 1-18, Assignment, Monitoring, and Return of Assets and Account Closures.

- In 10 of 20 instances tested, the Department did not timely cancel FLAIR access privileges for employees who separated from the Department during the audit period. Our examination disclosed that it took from 3 to 272 days for the Department to cancel the employee’s FLAIR access privileges. Department Administrative Policies and Procedures require that accounts be canceled no later than the date of separation from an employee’s assigned position or last day in the office. Delays in canceling FLAIR access privileges could lead to unauthorized or erroneous transactions being entered into Department accounting records.

These access control issues were not timely detected and resolved by the Department because it did not perform a comprehensive FLAIR user access review during the audit period. Although Department policies and procedures require that a review or verification of each employee’s access privileges be conducted by the Division Issuer on a semi-annual basis, the last comprehensive FLAIR user access review was performed during February and March 2007. Without periodic and timely reviews of user access, the Department cannot be assured that appropriate FLAIR access privileges are provided to only authorized employees. The proper administration of access to FLAIR is necessary to ensure the safeguarding of assets and the integrity and security of Department accounting records.

Recommendation: The Department should follow prescribed policies and procedures and perform reviews of employee FLAIR access capabilities and, as necessary, promptly modify those capabilities in accordance with the results of the review. In addition, in accordance with Department administrative policies and procedures, cancellation of FLAIR access privileges should occur no later than the date of separation from an employee’s assigned position or last day in the office.

PRIOR AUDIT FOLLOW-UP

As part of our audit, we determined the Department had taken corrective actions to correct the findings included in audit report No. 2008-054.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida’s citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on disbursement controls including selected information technology controls relevant to the disbursement process. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management’s control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management’s performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in audit report No. 2008-054.

- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the period July 2007 through February 2009, and selected actions through June 2009. In conducting our audit we:

- Interviewed selected Department personnel.
- Obtained and reviewed for reasonableness and completeness reports documenting the results of Department efforts to comply with Section 1, Chapter 2009-15, Laws of Florida. That law directed each State agency to review existing and proposed contracts in an effort to reduce contract payments.
- Evaluated the effectiveness of selected processes and internal controls in ensuring that transactions were:
 - Properly authorized.
 - Adequately documented.
 - Accurately and timely recorded in the State's accounting records to the proper accounts in the appropriate accounting (fiscal) period.
 - Paid from an authorized funding source.
 - For a valid purpose and made in compliance with applicable laws, rules, and other guidelines.
- Tested selected disbursement transactions to evaluate the sufficiency of the documentation supporting the transactions and to determine whether the disbursements were authorized and approved and made in compliance with applicable laws, rules, and other guidelines. Specifically, we examined documentation related to:
 - Forty general transactions totaling \$423,164.
 - Thirty independent contractor transactions totaling \$9,379,841.
 - Twenty property transactions totaling \$617,211.
 - Twenty grants and aid disbursements totaling \$224,403.
- Evaluated the reasonableness of Department actions relative to vendor payments identified by the Department of Financial Services as not timely.
- Obtained an understanding of selected IT controls, evaluated whether selected general and application IT controls were in place, and tested key processes and procedures related to AIMS by:
 - Interviewing selected Department personnel.
 - Observing, documenting, and evaluating key processes and procedures related to the separation of duties, physical and environmental safeguards, systems development and maintenance, access controls, and password controls.
 - Testing 20 new hires granted AIMS access to evaluate the adequacy of IT general controls over user access, including determining whether the access was approved, appropriate, and documented in writing and whether the new hires had attended security awareness training.
 - Analyzing a Department list of employees with AIMS access privileges who separated from the Department during the audit period. Evaluated the timeliness of the cancellation of those employees' AIMS access privileges.
 - Testing 39 AIMS program changes to determine the adequacy of IT general controls over systems development and maintenance.

- Observing, documenting, and evaluating key processes and procedures related to input controls, data processing controls, and output controls to determine the effectiveness of selected IT application controls.
- Obtained an understanding of selected IT controls related to the Florida Accounting Information Resource Subsystem (FLAIR) and tested key processes and procedures by:
 - Interviewing selected Department personnel.
 - Observing, documenting, and evaluating key processes and procedures related to separation of duties and access controls.
 - Evaluating FLAIR access privileges for 10 employees to determine whether the access privileges were appropriate with regard to the employee’s assigned duties and responsibilities.
 - Determining whether FLAIR access privileges were timely canceled for 20 employees who separated from the Department during the audit period.
- Performed procedures to evaluate Department actions taken to correct the findings contained in the Concealed Weapons Licensing and Prior Audit Follow-Up report (No. 2008-054).
- Performed various other auditing procedures as necessary to accomplish the objectives of the audit.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

In a letter dated September 22, 2009, the Commissioner provided a response to our preliminary and tentative audit findings. The letter is included in its entirety at the end of this report as EXHIBIT A.

**EXHIBIT A
MANAGEMENT’S RESPONSE**



Florida Department of Agriculture and Consumer Services
CHARLES H. BRONSON, Commissioner
The Capitol • Tallahassee, FL 32399-0800
www.doacs.state.fl.us

Please Respond to:

September 22, 2009

David W. Martin, CPA
Auditor General
111 West Madison Street
Claude Pepper Building, G-74D
Tallahassee, Florida 32399

Dear Mr. Martin:

The following comments are provided in response to the preliminary and tentative findings and recommendations in your audit of “Disbursement Controls” in the Department of Agriculture and Consumer Services.

POSITIONS OF SPECIAL TRUST

Finding No. 1:

The Department had not designated as positions of special trust, key information positions with high access privileges and positions with access to sensitive locations, and had not ensured that appropriate background screenings, including fingerprinting, of the individuals in these positions had been performed. In addition, the Department could not demonstrate that contractors with access to AIMS or sensitive locations had received an appropriate background screening.

Response:

The Department concurs with the recommendation. The Department, in accordance with Florida Statutes, will identify Information Technology (IT) positions it deems to be positions of special trust and will conduct Level 2 background screenings.

ADMINISTRATIVE IMAGE MANAGEMENT SYSTEM (AIMS)

Finding No. 2:

The Department did not always timely remove employee AIMS access privileges when employees separated from the Department.



Florida Agriculture and Forest Products
Over \$100 Billion for Florida’s Economy

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

David W. Martin
Auditor General
Page 2 of 3

Response:

The Department concurs with the recommendation. The Department will be conducting refresher training for Department supervisors on Administrative Policies and Procedures No. 1-18, which addresses termination of user accounts. The Department will also implement a secondary process of obtaining a terminated employee report from People First to ensure user access accounts are revoked in a timely manner. The Department will consider amending Administrative Policies and Procedures No. 1-18 to allow for a reasonable time period to revoke user access accounts.

Finding No. 3:

The Department could not demonstrate that program changes were tested by someone other than the programmer and that the changes were moved into production by an authorized individual other than the programmer.

Response:

The Department concurs with the recommendation. Prior to this Auditor General Report, the Department working with the Department's Office of Inspector General, had identified some components of the Change Management Administrative Policy and Procedure No. 2-3 that needed addressing because of potential vulnerability issues. The Department was and is still in the process of amending its Change Management Administrative Policy and Procedure No. 2-3 to more clearly define the roles and responsibilities of Department programmers and application owners. The Department will also review available tracking software for implementation on production servers.

FLORIDA ACCOUNTING INFORMATION RESOURCE SUBSYSTEM (FLAIR)

Finding No. 4:

Employees performing financial management functions were assigned FLAIR access privileges that were incompatible with their assigned job responsibilities. In addition, multiple user names and user IDs were assigned to users, and the Department did not always timely remove FLAIR access privileges when employees separated from the Department.

Response:

The Department concurs with the recommendation. The Bureau of Finance and Accounting will develop a Standard Operating Procedure (SOP) which will outline the steps and timeframe to review FLAIR access privileges for current users. The Department has also implemented a secondary process of obtaining the terminated employee report from People First to ensure access accounts are revoked timely. The Department will also consider amending Administrative Policies and Procedures No. 1-18 to allow for a reasonable time period to revoke user access accounts. The Department will also conduct refresher training for Department supervisors on the requirements of Administrative Policies and Procedures No. 1-18.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

David W. Martin
Auditor General
Page 3 of 3

I appreciate the interest and efforts of your staff and the professionalism they exhibited in helping to improve operations of state government.

Sincerely,



CHARLES H. BRONSON
COMMISSSIONER OF AGRICULTURE

CHB/nh