

DEPARTMENT OF REVENUE

**ONE-STOP BUSINESS REGISTRATION PORTAL,
CHILD SUPPORT ENFORCEMENT
CUSTOMER CONTACT CENTER, AND
SELECTED ADMINISTRATIVE ACTIVITIES**

Operational Audit



EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE

Pursuant to Section 20.21, Florida Statutes, the head of the Department of Revenue is the Governor and the Cabinet, which consists of the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. Pursuant to Section 20.05(1)(g), Florida Statutes, the Governor and Cabinet are responsible for appointing the Executive Director of the Department. The Executive Directors who served during the period of our audit were:

Marshall Stranburg ^a	From June 26, 2012
Lisa Vickers	Through June 30, 2012

^a Marshall Stranburg was Interim Executive Director from June 26, 2012, through April 22, 2013.

The audit team leader was Robin Ralston, CPA, and the audit was supervised by Allen G. Weiner, CPA. Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@aud.state.fl.us or by telephone at (850) 412-2781.

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) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF REVENUEOne-Stop Business Registration Portal, Child Support Enforcement Customer
Contact Center, and Selected Administrative Activities**SUMMARY**

This operational audit of the Department of Revenue (Department) focused on the One-Stop Business Registration Portal (OBRP), the Child Support Enforcement Customer Contact Center (CSE CCC), and selected administrative activities. Our audit disclosed the following:

ONE-STOP BUSINESS REGISTRATION PORTAL

Finding No. 1: The Department's analyses of vendor cost submissions did not include complete and comparable costs.

Finding No. 2: The Department did not clearly define the scope and structure of the OBRP project or adhere to the vendor selection methodology established in the OBRP invitation to negotiate.

CHILD SUPPORT ENFORCEMENT CUSTOMER CONTACT CENTER

Finding No. 3: The Department did not track CSE CCC customer complaints and the resolutions of those complaints as required by State law.

Finding No. 4: Although required by State law, the Department did not provide statistical data on customer complaints and resolutions of those complaints and customer satisfaction measures in annual reports or other performance publications, or utilize this data when conducting management and budget planning activities.

Finding No. 5: CSE CCC management did not always ensure that CSE CCC call agent performance was monitored and scored each month as required by Department procedures.

SELECTED ADMINISTRATIVE ACTIVITIES

Finding No. 6: The Department did not always ensure that Department contract managers received required training or appropriately document that CSE CCC employees completed all required training courses.

Finding No. 7: The Department did not always timely deactivate information technology user access privileges when the access privileges were no longer required. Additionally, the Department did not always appropriately document that access privileges were authorized.

Finding No. 8: Improvements are needed in the Department's administration of its responsibilities under the Florida Single Audit Act.

BACKGROUND

The three primary functions of the Department of Revenue (Department) are to collect and distribute various State taxes, oversee the State's property tax system, and provide child support enforcement services. To perform these functions, the Legislature appropriated over \$510 million to the Department for the 2013-14 fiscal year and funded 5,133 positions.

FINDINGS AND RECOMMENDATIONS

One-Stop Business Registration Portal

Individuals and business owners are often required to interact with, and comply with the requirements of, multiple State agencies to acquire the licenses, registrations, and permits necessary to legally conduct business in the State. For example, a business owner may be required to adhere to the licensing, registration, and permitting requirements of the Department and other State agencies such as the Department of Business and Professional Regulation, Department of Economic Opportunity, Department of Financial Services, Department of the Lottery, Department of Management Services, and Department of State. Each of these agencies has unique licensing, registration, and permitting requirements; however, some of the required information is similar. To provide individuals and businesses with a single point of entry for completing and submitting the documents required to conduct business in the State, the Legislature enacted legislation¹ in March 2012 that directed the Department to establish and implement a One-Stop Business Registration Portal (OBRP) by January 1, 2013. Through an Internet Web site, the OBRP was to provide users with a single point of entry for:

- Completing and submitting required applications for various licenses, registrations, or permits issued by a State department or agency for the applicants to transact business in the State.
- Remitting payment for various required fees to be paid to a State department or agency, including, but not limited to, application fees, license fees, registration fees, permit fees, and filing fees.
- Filing various other required documents with a State department or agency.

On March 15, 2012, the Department issued an invitation to negotiate (ITN)² to procure the services of a contractor for the OBRP. Five vendors replied to the solicitation. A seven-member evaluation team³ scored and evaluated each vendor's reply. A negotiation team, composed of four Department staff and supported by a nine-person panel of key subject matter experts,⁴ negotiated with each vendor and was responsible for making the final contract award recommendation. On December 12, 2012, the Department executed a contract for \$4,764,181, with eGovernment Solutions.

Our audit included procedures to evaluate the Department's procurement of OBRP contractual services. As discussed in finding Nos. 1 and 2, the results of our audit procedures disclosed that the OBRP contractor selection process did not include the evaluation of complete and comparable proposed vendor costs and was not always conducted in accordance with ITN requirements.

Finding No. 1: Scoring of ITN Cost Submissions

Pursuant to the Department's ITN, vendor replies were to include proposed cost data to be evaluated and scored by the evaluation team. The ITN limited total scores to a maximum of 1,000 points: up to 700 points for each vendor's administrative and technical reply and up to 300 points for each vendor's proposed cost data. According to the ITN,

¹ Chapter 2012-139, Laws of Florida.

² Pursuant to Section 287.057(1)(c), Florida Statutes, an ITN may be used for procurements in excess of \$35,000 when it is determined that an ITN is the best method for achieving a specific goal or solving a particular problem and that there are one or more responsive vendors with which a State agency may negotiate in order to receive the best value.

³ The team included seven evaluators: three evaluators from the Department, two evaluators from the Department of Business and Professional Regulation, and two evaluators from the Department of State.

⁴ The nine-person panel of key subject matter experts included three from the Department, four from the Department of Business and Professional Regulation, and one each from the Department of the Lottery and the Department of Management Services.

vendor cost data was to include an itemized list of all direct and indirect costs (services and materials) necessary to accomplish the services outlined in the ITN.⁵

Five vendors submitted replies to the ITN. As shown in Table 1, the vendors’ replies provided a wide-range of cost proposals and the cost data scores assigned by the evaluation team ranged from 35.0 to 95.6.

Table 1

Vendor Cost Data Submissions Utilized for Scoring

Vendor	Proposed Vendor Costs	Cost Data Score
eGovernment Solutions	\$1,025,000	95.6
Vendor 2	\$3,371,146	67.2
Vendor 3	\$3,995,000	63.8
Vendor 4	\$6,693,291	38.7
Vendor 5	\$7,470,000	35.0

Source: Department-provided Cost Data Tabulation Sheets.

As part of our audit, we reviewed each respondent’s cost data submission for adherence to ITN requirements and examined the cost data tabulation sheets prepared by the evaluation team. Our audit procedures disclosed that a comparison of complete and comparable costs was not included in the evaluation of the vendor cost submissions. Specifically, we found that:

- The evaluation team’s scoring of vendor costs did not include consideration of significant costs that vendors proposed related to project completion. For example, software licensing and support costs proposed by eGovernment Solutions totaling \$1,231,500 for the first year of the project were excluded from the amount of vendor costs subject to scoring.
- eGovernment Solutions proposed outsourcing of the OBRP’s maintenance and operation to a third-party contractor for a minimum of 5 years, while the other vendors proposed in-house solutions in which the State would operate and maintain the system. However, the cost differences for these varying maintenance and operation methods were not determined or considered by the evaluation team during the scoring process.

Consideration of complete and comparable cost data during the ITN scoring process is necessary to ensure that procurement decisions are made in the State’s best interest.

Recommendation: We recommend that Department management take steps to ensure that cost analyses used to make procurement decisions include complete and comparable information.

Finding No. 2: Vendor Selection

State law⁶ establishes that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. To provide for the fair and economical procurement of commodities and contractual services in excess of \$35,000, State law⁷ provides several different competitive solicitation processes including the ITN.

⁵ The ITN described costs (including subcontractor costs) as including, but not limited to: fees, prices, rates, discounts, rebates, profit, identification of added value options including associated charges and materials.

⁶ Section 287.001, Florida Statutes.

⁷ Section 287.057(1), Florida Statutes.

As described in finding No. 1, the OBRP ITN’s scoring process provided that a vendor could earn a maximum total score of 1,000 points: 700 points based on an evaluation of the administrative and technical reply submitted by the vendor and 300 points for the vendor’s cost data submission. The administrative and technical replies were to be evaluated and scored based on 14 criteria: (1) vendor’s understanding of the project/executive overview; (2) project approach and methodology; (3) project management; (4) project schedule; (5) project management plan; (6) solution overview; (7) system development; (8) technical description; (9) warranty, maintenance, and operations; (10) training and user documentation; (11) company history and experience; (12) liquidated damages; (13) organizational structure and account management; and, (14) references. The scoring process was to serve as the basis for selecting vendors to participate in the negotiation phase of the procurement process.

As part of the selection process, the ITN specified how the evaluators were to score the vendor submissions and compile the scores. Specifically, the ITN stated that “in an effort to ensure the legislative intent of Florida Statute 287, to increase competition and award contracts equitably and economically, the State will use the sum of the technical and cost scores to identify the natural break in the scoring of all Replies. This natural break in scoring should identify the State’s top scoring Replies, herein referred to as the ‘Finalists.’” The ITN also provided an example, using a 500-point scale, that illustrated how a natural break between the vendors’ total scores would be determined as a means to identify ITN finalists. The information provided in the ITN example is shown in Table 2.

Table 2

**ITN Example Information
Showing Natural Break in Vendor Scores**

Reply No.	Total Score Based Upon a 500-Point Scale	Vendor Score as a Percentage of the Highest Vendor Score ^a
1	490	100%
2	480	98%
3	475	97%
4	300	61%
5	290	59%

} Natural Break

^a This column was added for presentation purposes and was not included in the ITN example.

Source: OBRP ITN, Section 3.1.15 and auditor calculations.

Pursuant to the ITN, the Department was to select one or more vendors with which to conduct negotiations, beginning with the highest-ranked finalist. The ITN also specified that the Department reserved the right, but was not obligated, to negotiate with one or more vendors who met the ITN’s selected mandatory compliance item requirements.

During June and July 2012, the evaluation team members individually scored each of the five responding vendor’s technical and cost replies. As shown in Table 3, eGovernment Solutions’ administrative and technical reply score was significantly lower than the other four vendors’ scores. This was due, in part, to the low scores awarded to eGovernment Solutions for the vendor’s understanding of the project/executive overview, company history and experience, organizational structure and account management, and references criteria. Of the 14 administrative and technical criteria, these 4 criteria could be considered most indicative of a vendor’s ability to successfully complete the OBRP project. Table 3 also shows that, as a result of eGovernment Solutions’ low administrative and technical reply

score, there was a natural break in vendor total scores that should have identified Vendors 2, 3, 4, and 5 as the ITN finalists.

Table 3
OBRP ITN Evaluation Team Tabulated Scores

Vendor Rank	Vendor	Administrative and Technical Score	Cost Data Score	Total Score	Vendor Total Score as a Percentage of the Highest Vendor Score
1	Vendor 3	580.3	63.8	644.1	100%
2	Vendor 5	594.4	35.0	629.4	98%
3	Vendor 4	589.4	38.7	628.1	98%
4	Vendor 2	515.7	67.2	582.9	90%
5	eGovernment Solutions	223.0	95.6	318.6	49%

Source: Department OBRP ITN Tabulation Sheets and auditor calculations.

Despite the natural break in vendor total scores, the Department invited all five vendors to the negotiation phase and, during the period September through November 2012, the negotiation team engaged in negotiations with all five vendors. As a result of these negotiations, the team decided to continue to negotiate with and seek a Best and Final Offer (BAFO) from only eGovernment Solutions.

In response to our audit inquiry, Department management stated that eGovernment Solutions was invited to the initial negotiation phase due to the limited number of vendors submitting ITN replies and eGovernment Solution’s significantly lower cost proposal. As support for the decision to continue to negotiate with and seek a BAFO only from eGovernment Solutions, the Department provided a December 2012 memorandum prepared by the Department’s OBRP project manager summarizing the vendor selection process. The memorandum listed certain key negotiation points and differentiating features as the reasons for selecting only eGovernment Solutions for continued negotiations. Table 4 lists the key negotiation points and summarizes the differentiating features identified in the memorandum.

Table 4
OBRP Vendor Selection Summary

Key Negotiation Points	Differentiating Features - eGovernment Solutions
Expandability	Since the solution was cloud-based there was no associated hardware. Addition of State and local government entities would consist of minimal interface and log-in subscription costs.
Maintainability	No State data center staff were required. A step-by-step wizard application process would enable quick modifications.
Advantageous Interface	Participating government entities would only need to expose a Web service and map data.
Cost	Total 2-year extended cost totaling \$4,764,181 and a 10-year no escalation guarantee for software subscription costs should the contract be renewed.
24/7	World-wide customer base and redundant data centers to ensure around the clock operations.
Upgradability	The cloud-based solution eliminated the need for maintaining a costly hardware environment. Software upgrades would be performed by eGovernment Solutions.
Transferability	The solution was highly transferable should another State agency assume responsibility.
Agency Independent	Web services would be used to transfer data to agency systems. Design would reduce the impact on participating agency staff and systems by minimizing the amount of changes necessary for the OBRP to function.
Disaster Recovery	Three redundant data centers throughout the United States were to be provided.
Mobile	The platform was to be compatible with most widely used Internet browsers.
Well Established	The location of the product was considered to be visionary.
Commercial Off-the-Shelf Solution	The platform had a well-established support network with periodic upgrades that would allow the OBRP to keep pace with changing technology.

Source: December 4, 2012, vendor selection summary memorandum prepared by the Department’s OBRP Project Manager.

On December 12, 2012, the Department executed a contract with eGovernment Solutions. A year later, the Department noted in a December 2013 report (Report)⁸ that, due to challenges with an eGovernment Solutions deliverable, the project did not advance as originally anticipated. According to the Report, after the State agencies performed preliminary testing of a critical piece of software delivered by eGovernment Solutions, it was determined that the product “would not meet the needs of the business community.” As a result of this issue, on October 11, 2013, in accordance with the contract between eGovernment Solutions and the Department, eGovernment Solutions assigned its rights to another vendor.

On March 6, 2014, the Department discontinued all work related to the contract and the development of the OBRP. Total payments made by the Department for work performed by contractors prior to discontinuing the contract totaled \$2,519,124. The 2014-15 fiscal year General Appropriations Act⁹ provided up to \$300,000 for Department use, in collaboration with the Department of Business and Professional Regulation, to contract with an independent third-party consulting firm to independently assess and report on the OBRP project. The consultant’s final report¹⁰ was issued on October 28, 2014, and found that “the One-Stop project, as currently scoped and structured, would make it difficult to achieve the overall One-Stop vision and objectives.”

Had the Department adhered to the vendor selection methodology established by the ITN and better defined the scope and structure of the OBRP, as described in the consultant’s report, the difficulties encountered by the Department related to the OBRP project may have been avoided.

⁸ The Department’s 2013 OBRP Report dated December 20, 2013, and was provided to the Governor and leadership of the State Legislature.

⁹ Chapter 2014-51, Laws of Florida.

¹⁰ *Florida One-Stop Business Registration Portal: Assessment And Recommendations Report*, Gartner, Inc., October 2014.

Recommendation: When utilizing the ITN process, we recommend that Department management ensure that the vendor selection methodology established in the ITN is adhered to by the individuals involved in the evaluation and negotiation phases of the procurement. In addition, Department management should ensure that the scope and structure of information technology projects are clearly defined in the procurement documents.

Child Support Enforcement Customer Contact Center
--

State law¹¹ designates the Department as the State agency responsible for administration of the State's Child Support Enforcement (CSE) Program under Title IV-D of the Federal Social Security Act. The Department, in support of the CSE Program, operates a Child Support Enforcement Customer Contact Center (CSE CCC) to receive and respond to requests for CSE Program information from various customers, including custodial and noncustodial parents, employers, and governmental agencies from other states and countries. As of June 2014, the CSE CCC had 188 full-time equivalent positions.

The CSE CCC provides assistance through agent-answered and self-help components and, according to Department records, the CSE CCC had over 7.4 million customer contacts and E-Service users during the period January 2013 through May 2014. Table 5 summarizes, by month, the number of CSE CCC customer contacts, the number of E-Service users, and the percentage of customers served.

¹¹ Section 409.2557(1), Florida Statutes.

Table 5
Number of CSE CCC Customer Contacts and E-Service Users,
and the Percentage of Customers Served
for the Period January 2013 Through May 2014

Month and Year	Number of CSE CCC Customer Contacts			Number of E-Service Users	Total Number of CSE CCC Customer Contacts and E-Service Users	Percentage of Customers Served
	Agent-Answered 1-800 KIDS	Self-Service	Agent-Answered Calls for Out-of-State, Place of Employment, Spanish, and Web Chat			
January 2013	96,267	282,111	22,328	31,749	432,455	87.9
February 2013	91,299	260,857	19,564	40,183	411,903	87.6
March 2013	90,137	263,681	20,764	44,666	419,248	88.1
April 2013	104,780	232,845	21,571	45,063	404,259	87.9
May 2013	111,180	340,661	21,471	46,739	520,051	88.9
June 2013	111,450	279,290	16,943	39,357	447,040	88.2
July 2013	106,124	262,698	20,590	41,863	431,275	87.1
August 2013	100,282	259,618	21,621	41,863	423,384	87.5
September 2013	88,144	249,443	19,518	42,274	399,379	86.2
October 2013	93,882	275,920	21,036	50,430	441,268	85.1
November 2013	78,675	205,845	15,292	42,807	342,619	88.0
December 2013	82,649	206,266	17,970	45,854	352,739	89.7
January 2014	84,040	232,877	19,348	49,789	386,054	88.8
February 2014	87,420	225,907	20,093	33,258	366,678	87.8
March 2014	94,697	239,856	21,474	39,818	395,845	88.8
April 2014	91,418	494,325	22,263	28,880	636,886	94.0
May 2014	90,039	442,668	22,140	39,688	594,535	96.0
Totals	1,602,483	4,754,868	343,986	704,281	7,405,618	

Source: Department CSE Executive Summary Reports.

Finding No. 3: Complaint Tracking

State law¹² specifies that principal administrative units within the executive branch of State government, including the Department, are to employ a system by which customer complaints and resolutions of those complaints are tracked. As part of our audit, we interviewed Department management and reviewed Department procedures to assess the Department’s process for receiving, documenting, tracking, and resolving customer complaints made to the CSE CCC. The CSE CCC received customer complaints through a variety of methods including, but not limited to, telephone calls to the CSE CCC, e-mails and Web Chats, and in-person contacts at local CSE Program offices. Additionally, CSE-related complaints received by the Department’s Inspector General’s Office (OIG) were to be recorded in the OIG’s Complaint Tracking System and forwarded to the CSE CCC for resolution.

As part of our audit, we inspected Department records, observed CSE CCC activities, and inquired of CSE CCC and other Department staff. We discovered that the Department had not established a system or other mechanism to track customer complaints received by the CSE CCC and the resolution of those complaints. In response to our audit inquiry, Department management stated that CSE CCC calls are recorded and stored for 365 days and all case-related call information, including case-related complaint information, is entered by call agents in the Child Support Enforcement Automated Management System (CAMS). However, our audit procedures found that the Department

¹² Section 23.30(4)(g), Florida Statutes.

had not established a methodology, such as a code, to identify case-related complaints recorded in CAMS. Therefore, complaints in CAMS could only be identified by accessing each customer's account and reviewing the call notes. Additionally, although the Department had drafted procedures providing that personnel-related complaints were to be recorded on feedback forms, researched to determine if valid, and handled through additional employee training or disciplinary action as appropriate, the procedures did not provide for the aggregation of feedback form information for complaint tracking purposes.

Absent a system or mechanism to readily identify and aggregate all complaint information, the Department cannot demonstrate the extent of CSE CCC compliance with provisions of State law¹³ related to the tracking and resolution of customer complaints.

Recommendation: We recommend that Department management enhance the CSE CCC complaint-handling process by establishing a system or other mechanism to aggregate and track all complaints received, and the resolution of such complaints, as specified by State law.

Finding No. 4: Complaint and Customer Satisfaction Data Reporting and Use

State law¹⁴ requires the Department to provide statistical data on customer complaints and resolutions of those complaints and customer satisfaction measures in annual reports or other performance publications. State law also specifies that the Department is also to utilize this data when conducting management and budget planning activities.

As part of our audit, we interviewed Department management and reviewed CSE CCC performance measurement procedures and internal performance reports to determine whether the CSE CCC had established a mechanism to effectively capture and accurately report statistical data on customer complaints, resolutions of those complaints, and customer satisfaction measures as specified by State law. Our audit procedures disclosed that the Department had not, other than for E-Services¹⁵ and Web Chat,¹⁶ established a mechanism to accumulate and maintain customer complaint and customer satisfaction data.

Although the CSE CCC had developed a customer service survey that was to be completed through the Department's telephone system, the CSE CCC encountered several technical issues with the survey after a telephone system upgrade in December 2011. As a result, as of January 2015, the CSE CCC was still unable to accumulate customer satisfaction data using the survey component of the telephone system. According to CSE CCC management, the Department would focus on the customer satisfaction survey during the 2015-16 fiscal year. Notwithstanding the inoperable telephone system survey, CSE CCC management also stated, in response to our audit inquiry, that some information included in the Monthly Executive Summary Reports, such as percentage of customers served, were indicators of customer satisfaction.

While the percentage of customers served may indicate how many customers contacted the CSE CCC, it does not serve as a measurement of the customers' satisfaction with the CSE CCC services provided. Absent an effective mechanism for accumulating and reporting CSE CCC customer complaint and customer service satisfaction data, Department management cannot accurately provide statistical data on customer complaints and customer satisfaction measures. As such, Department management has reduced assurance that the CSE CCC is consistently providing

¹³ Sections 23.30(4)(c), (e), and (g), Florida Statutes.

¹⁴ Section 23.30(4)(h), Florida Statutes.

¹⁵ E-Services is the CSE Program's Internet application that allows custodial and non-custodial parents to view and update selected portions of their CAMS data.

¹⁶ Web Chat is the CSE Program's live Internet text communications portal.

quality customer service, that accurate data is available for use when conducting management and budget planning activities, and that the Department is in compliance with State law.

Recommendation: We recommend that Department management continue efforts to restore the survey component of the CSE CCC telephone system and to provide statistical data on CSE CCC customer complaint and customer satisfaction measures in accordance with State law. Additionally, we recommend that, once available, the Department use the statistical data when conducting management and budget planning activities.

Finding No. 5: Call Agent Performance Monitoring

Pursuant to Department procedures,¹⁷ CSE CCC call agent (Revenue Specialist II) performance was to be monitored on a monthly basis. Specifically, the procedures required Department Revenue Managers and Revenue Specialist IIIs (RS IIIs) to monitor and score a minimum of five calls per Revenue Specialist II (RS II) each month. The calls to be monitored and scored were randomly selected by call monitoring software within a specified time frame. The Revenue Managers and the RS IIIs were to use an *Electronic Monitoring Scoring Sheet* to score each call and, after calls were monitored and scored, a Revenue Manager was to complete a monitoring form and meet one-on-one with the RS II for a monthly evaluation. The scored calls for the month were averaged together on the monitoring form to calculate a quality assurance score for the RSII.

As part of our audit, we evaluated the CSE CCC's call agent monitoring processes and examined performance monitoring documentation for 21 RS IIs during the months of July 2013 through February 2014 and May 2014. Our examination of monitoring documentation for 172 applicable employee-months disclosed that in 41 employee-months (24 percent), the Department could not demonstrate that five calls had been monitored as required. For 37 of these 41 employee-months, monitoring of only four of the five required calls had been documented. For the other 4 employee-months, monitoring of three or fewer calls had been documented.

Effective employee performance monitoring evaluates and documents whether desired performance outcomes are being achieved and identifies performance problems as early as possible so that corrective action, such as additional training, may be timely initiated.

Recommendation: We recommend that Department management ensure that CSE CCC call agent performance is monitored in accordance with established Department procedures and that documentation of monitoring efforts is appropriately prepared and maintained.

Selected Administrative Activities

As part of our audit, we also evaluated other Department administrative activities and controls, including those related to employee training, information technology access controls, and compliance with the Florida Single Audit Act.

Finding No. 6: Employee Training

Department management is responsible for ensuring that employees receive the training required to perform their job functions. The Department utilized the Learning Management System (LMS) as the official record-keeping system for Department training. Both Web-based courses and instructor-led courses were recorded in the LMS. In addition, records for required courses offered outside the Department were to be entered into the LMS.

¹⁷ Department CSE CCC *Quality Assurance Monitoring Procedures and Reference Guide*.

As part of our audit, we reviewed the Department's training policies and procedures and examined LMS training transcripts and related course materials for 30 Department contract managers and 25 CSE CCC employees. Our audit procedures disclosed that Department contract managers did not always complete required Department and Department of Financial Services (DFS) training for accountability in contracts and grants management and the Department did not always document that CSE CCC employees had completed required training. Specifically, we found that:

- Based on the training records for 30 contract managers, 5 contract managers had not completed a Department-administered contract management course, 2 contract managers had not completed required DFS contract manager training, and another contract manager had not completed either course. State law¹⁸ requires, effective July 1, 2010, each State agency contract manager who is responsible for contracts in excess of \$35,000 to complete training conducted by the DFS for accountability in contracts and grants management. Additionally, Chief Financial Officer Memorandum No. 4 (09-10), issued June 29, 2010, identified State agency responsibilities related to contract manager training requirements, and specified that each State agency was to ensure contract managers attended training at least every 2 years. During the 24-month period March 2012 through February 2014, the DFS offered training for accountability in contracts and grants management 50 times (an average of 2 classes each month). In addition to the DFS training, the Department required contract managers to complete a Department-administered contract management course. In response to our audit inquiry, Department management indicated that personnel turnover, a lack of knowledge regarding training requirements, and the Department's decentralized structure were the primary reasons that contract managers did not attend the required training.
- The Department required CSE CCC employees to complete 12 training courses either prior to accessing CAMS or as part of developing the employees' skills at taking customer calls.¹⁹ Additionally, on an annual basis CSE CCC employees were required to complete other Departmentwide courses, including 4 courses on topics related to protecting confidential information and information security awareness.

Our examination of the training documentation for 25 CSE CCC employees disclosed that for 10 of the 25 employees, LMS records did not demonstrate completion of all 16 required training courses. Specifically, according to the LMS, 3 employees had only completed 14 of the required courses and 7 other employees had completed 15 of the 16 required courses. The courses not completed included a required CAMS course and customer service courses. In response to our audit inquiry, Department management indicated that training records were reviewed if an employee's performance was deficient, but employee completion of required training courses was not regularly reviewed.

Training in the proper management of contracts helps ensure that contractor performance is properly monitored, contract terms and conditions are enforced, and the Department only pays for the qualifying goods and services it receives. Documentation demonstrating that all CSE CCC employees have completed required training provides Department management with assurance that employees will provide customer service commensurate with management's expectations.

Recommendation: We recommend that Department management establish policies and procedures requiring periodic review of employee training records for required course completion. Additionally, we recommend that Department management ensure that contract managers and their supervisors are aware of training requirements.

Finding No. 7: Information Technology Access Controls

Effective information technology (IT) access controls are intended to prevent or detect inappropriate access to IT resources and to protect the confidentiality, integrity, and availability of data. Effective access controls include

¹⁸ Chapter 2010-151, Laws of Florida.

¹⁹ New employees were also required to take an additional three courses which covered topics such as applying for services.

provisions to periodically review employee access privileges for appropriateness, timely remove employee access privileges when access is no longer required, and maintaining records of the authorization of user access privileges requested, approved, and granted by applicable management or system owners.

As part of our audit, we evaluated selected IT controls related to the Contract Accountability and Tracking System (CATS)²⁰ and CAMS to determine whether the controls had been designed and implemented to ensure the reliability and safeguarding of CATS and CAMS data and Department IT resources. Additionally, we reviewed CATS access privileges for 36 of the 108 Department employees with CATS access as of April 17, 2014. Our audit procedures disclosed that:

- As of May 2014, 2 employees had CATS update access privileges although their job responsibilities had not required these privileges since 2007. Subsequent to our audit inquiry, the Department deactivated these employees' CATS access privileges. We also noted that, although the Department's *Information Security Policy* required supervisors and information owners to conduct periodic reviews to ensure employees had the appropriate level of access to Department information resources to perform their job responsibilities and that the access did not exceed an employee's need, the CATS information owner had not performed an effective comprehensive review of the CATS users' access privileges. Absent an effective comprehensive review of access privileges, there is an increased risk of inappropriate access to data files and programs that could result in compromised data integrity.
- Although the Department had implemented written procedures requiring Department supervisors to ensure timely deactivation of access upon an employee's separation from Department employment, managers did not always timely submit deactivation requests. For example, CAMS and Department network access privileges for 1 of the 12 CSE CCC employees who separated from Department employment during the period March 2012 through May 2014, remained active for 4 business days after the employee's date of separation. Absent timely deactivation of access privileges, there is an increased risk that unauthorized CAMS activity may occur and not be timely detected.
- For 8 of the CATS user accounts tested, Department personnel were unable to locate the required *Secure Application Access/Web Developer Access Request* forms or alternative access authorization documentation. Absent documentation demonstrating the request, approval, and granting of appropriate CATS access privileges, the Department's ability to control and monitor the appropriateness of access controls and protect the confidentiality, integrity, and availability of CATS data is limited.

Recommendation: We recommend that Department management ensure IT access privileges are deactivated immediately when the access privileges are no longer required. To identify unnecessary or excess access privilege, Department management should periodically perform comprehensive reviews of access privileges. Additionally, we recommend that Department management ensure that authorization records are maintained to document access privileges requested, approved, and granted.

Finding No. 8: Florida Single Audit Act

State Financial Assistance (SFA) is financial assistance provided from State resources to non-State entities to carry out a State project and is to be administered in accordance with the requirements of the Florida Single Audit Act (FSAA),²¹ DFS rules,²² and Rules of the Auditor General.²³ The purpose of the FSAA, among other things, is to establish uniform State audit requirements for non-State entities receiving SFA; promote sound management of SFA; and ensure State agency monitoring, use, and follow-up on audits of SFA.

²⁰ The Department utilized CATS to manage Department contracts and to upload contract information into the DFS' Florida Accountability Contract Tracking System (FACTS).

²¹ Section 215.97, Florida Statutes.

²² DFS Rules, Chapter 69I-5, Florida Administrative Code.

²³ Chapters 10.550 and 10.650, Rules of the Auditor General.

According to Department accounting records, the Department provided SFA in excess of \$95 million to 30 non-State entities during the period July 2011 through December 2013. As shown in Table 6, the SFA consisted of tax credits, tax refunds, and other distributions that were subject to the provisions of the FSAA.²⁴

Table 6
State Financial Assistance (by Type)
Provided to Non-State Entities
During the Period July 2011 through December 2013

Tax Credits	Tax Refunds	Other Distributions	Total SFA
\$47,331,874	\$7,616,723	\$40,741,359	<u>\$95,689,956</u>

Source: Department records.

The FSAA requires each non-State entity that expends \$500,000 or more of SFA in any fiscal year to obtain a State single audit or a project-specific audit conducted by an independent auditor. Upon completion of the audit, a copy of the non-State entity’s Financial Reporting Package (FRP)²⁵ is to be filed with the State agency(s) and the Auditor General. Among other things, the FRP is to address the recipient’s compliance with State project requirements, any deficiencies in internal controls, and the amount of SFA expended by the recipient in conducting the State project.

The FSAA requires that a State awarding agency provide SFA recipients the information needed to comply with the FSAA. In addition, the FSAA specifies that State awarding agencies are to review each recipient’s FRP to determine whether timely and appropriate corrective action had been taken with respect to any audit findings and recommendations.

To evaluate Department controls and compliance with State law, we reviewed Department FSAA policies and procedures, recipient-submitted FRPs, and other Department records. Our audit procedures disclosed that the Department had not always followed up on SFA recipients’ compliance with the FSAA. Specifically, we found that of the 30 non-State entities that were required to submit FRPs to the Department and the Auditor General, 12 entities had not submitted 15 required FRPs for the entities’ 2012 and 2013 fiscal years. These 12 non-State entities received SFA totaling \$54.9 million, in the form of tax credits and tax refunds, during the period July 2011 through December 2013.

In response to our audit inquiry, Department management indicated that they believe tax credits and tax refunds should not be considered SFA and that, in fulfilling their statutory responsibility of regulating, controlling, and administering all revenue laws and performing duties assigned by the various tax statutes, adequate accountability for State tax credits and tax refunds is provided. Additionally, Department management indicated that the Department is not responsible for the operations and outcomes of many of the State projects attributed to the Department in the Catalog of SFA,²⁶ the Department has no administrative authority over these projects, and the Department should not be the State awarding agency for many of these State projects. Of the 22 State projects attributed to the Department for the 2013-14 fiscal year, Department management indicated that the State awarding agency designations should be changed for 8 projects. Notwithstanding Department management’s responses, under the FSAA,²⁷ it is the DFS’

²⁴ DFS Rule 69I-5.004(1)(j) and (k), Florida Administrative Code, specifies that financial assistance provided in the form of credits or refunds of State taxes for a public purpose authorized by State law is SFA.

²⁵ A FRP includes the non-State entities’ financial statements, Schedule of Expenditures of State Financial Assistance, auditor’s reports, management letter, auditee’s written responses or corrective action plan, and correspondence on follow-up of prior years’ corrective actions taken.

²⁶ The Catalog of SFA lists State projects, by assigned numbers and assists users (e.g., SFA recipients and auditors) in obtaining general information on State projects (e.g., State project title and legal authorization).

²⁷ Sections 215.97(2) and (4), Florida Statutes.

responsibility, in consultation with the State agencies, to determine the types of State resources that meet the definition of SFA and to attribute the projects to the appropriate State agency. While Department management provided documentation demonstrating their communications with the DFS regarding the Department's position that they lack administrative authority over certain State projects, the DFS did not elect to revise the State awarding agency designation in the Catalog of SFA.

Without the receipt and appropriate review of required FRPs, any recipient noncompliance or control deficiencies noted on audit may not be timely followed up on and resolved.

Recommendation: We recommend that, for all State projects attributed to the Department in the Catalog of SFA, Department management ensure the required FRPs are timely received and properly reviewed and that any instances of recipient noncompliance or other noted deficiencies are timely followed up on and resolved. For those State projects the Department believes the State awarding agency designations should be changed, we also recommend that Department management continue to consult with the DFS regarding the appropriateness of the designations.

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 from March 2014 through January 2015 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 the One-Stop Business Registration Portal (OBRP), the Child Support Enforcement Customer Contact Center (CSE CCC), and selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Performed inquiries and reviewed Department procurement documentation for the OBRP contract executed on December 12, 2012, to determine whether the contract was procured in compliance with State law and the requirements of the Invitation to Negotiate (ITN).
- Performed inquiries and inspected documents and records relating to the OBRP implementation, dated prior to the discontinuation of the OBRP implementation in March 2014, to evaluate the adequacy of Department-established controls for the OBRP implementation.
- Reviewed the OBRP contract documentation to determine whether the contract included all provisions required by State law and other best business practice provisions.
- Reviewed the ITN and the amended OBRP contract to determine if there were any significant deviations between the ITN and the amended OBRP contract.
- Performed inquiries, observations, and inspections of documents and records relating to the OBRP contract to evaluate whether the Department had adequately designed and implemented controls for monitoring the OBRP contract.
- Examined documentation related to all 31 OBRP contract payments, totaling \$2,257,884, made during the period January 2013 through February 2014 to determine whether the contracted goods or services had been provided and the Department had properly made the contract payments in the correct amounts.
- Examined LMS training transcripts and related course materials for 25 CSE CCC staff employed as of February 28, 2014, to determine whether the employees had completed required training and whether the training was sufficient and adequately documented.
- Examined Department records for 21 CSE CCC staff employed as of February 28, 2014, to determine whether the employees' performance was appropriately monitored during the period July 2013 through February 2014 and May 2014.
- Examined Department records for 25 CSE CCC staff employed as of February 28, 2014, to determine whether background checks were appropriately completed and documented upon hiring and every 5 years thereafter.
- Performed inquiries, observations, inspections of documents and records to determine whether the Department had adequately designed and implemented controls to receive, track, and resolve complaints for the CSE CCC.

- Examined Department documentation to determine whether the Department had developed, maintained, and utilized appropriate performance metrics and customer satisfaction measures to evaluate CSE CCC performance and to identify ways to improve CSE CCC activities.
- Analyzed the CSE CCC E-Services Web information, metrics, and other demographic information, to evaluate the expectation that E-Services are accessible and provide all relevant CAMS information to all customers.
- Reviewed CATS access privileges for 36 of the 108 Department employees with access to CATS as of April 17, 2014, to determine whether CATS access privileges were appropriate and properly authorized.
- Examined Department records for 30 contracts that were recorded as active within CATS during the period March 2012 through February 2014 to determine whether the Department had appropriately monitored contracts, including the receipt of deliverables, and taken corrective actions when necessary.
- Examined LMS training transcripts for 30 contract managers to determine whether the contract managers had completed required DFS training for contracts and grants accountability, and whether the contract managers had been provided appropriate and sufficient training by the Department.
- Analyzed data from CATS and FACTS to determine whether CATS provided value-added functionality to the Department's contract monitoring processes.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - Ensuring the management of Department tangible personal property in compliance with applicable laws and rules. The acquisition costs of Department tangible personal property totaled \$37.3 million as of February 28, 2014.
 - The assignment and use of motor vehicles with acquisition costs totaling \$337,227 as of February 28, 2014.
 - The acquisition, assignment, and use of wireless devices with related costs totaling \$219,333 for the period March 1, 2012, through February 28, 2014.
 - The management of Florida Single Audit Act activities in accordance with State law.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic 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 response letter dated June 19, 2015, the Executive Director of the Department provided responses to our audit findings and recommendations. The Executive Director's response is included as **EXHIBIT A**.

EXHIBIT A
MANAGEMENT'S RESPONSE



FLORIDA

Executive Director
Marshall Stranburg

Child Support
Ann Coffin
Director

General Tax Administration
Maria Johnson
Director

Property Tax Oversight
Sue Harlan
Interim Director

Information Services
Damu Kuttikrishnan
Director

June 19, 2015

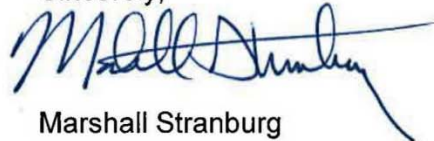
Mr. David W. Martin, CPA
Auditor General
Office of the Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

As required by section 11.45(4)(d), Florida Statutes, attached is the Department's response to the preliminary and tentative findings and recommendations related to your audit of the Department of Revenue One-Stop Business Registration Portal, Child Support Enforcement Customer Contact Center, and Selected Administrative Activities.

We appreciate the professionalism displayed by your audit staff. If you have questions or need additional information, please contact Marie Walker, Director of Auditing, at 717-7598.

Sincerely,


Marshall Stranburg

MS/mw

Attachment

cc: Sharon Doredant, Inspector General
Marie Walker, Director of Auditing

Florida Department
of Revenue
Tallahassee,
Florida
32399-0100
<http://dor.myflorida.com/dor/>

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

Response to Preliminary and Tentative Audit Findings
Department of Revenue Operational Audit:
One-Stop Business Registration Portal, Child Support Enforcement Customer
Contact Center, and Selected Administrative Activities

ONE-STOP BUSINESS REGISTRATION PORTAL

Finding No. 1: The Department's analyses of vendor cost submissions did not include complete and comparable costs.

Recommendation: We recommend that Department management take steps to ensure that cost analyses used to make procurement decisions include complete and comparable information.

Response: The Program will collaborate with the Department's Purchasing office to identify areas of improvement in the cost review and analysis associated with competitive procurements.

Finding No. 2: The Department did not clearly define the scope and structure of the OBRP project or adhere to the vendor selection methodology established in the OBRP ITN.

Recommendation: When utilizing the ITN process, we recommend that Department management ensure that the vendor selection methodology established in the ITN is adhered to by the individuals involved in the evaluation and negotiation phases of the procurement. In addition, Department management should ensure that the scope and structure of information technology projects are clearly defined in the procurement documents.

Response: The Department utilized established methodology; however, the Department will coordinate with the Department's Purchasing Office to review the process in future ITNs.

In addition, the Program will seek to ensure that the scope and structure of information technology projects are more clearly defined to the extent appropriate for the ITN process.

CHILD SUPPORT ENFORCEMENT (CSE) CUSTOMER CONTACT CENTER (CCC)

Finding No. 3: The Department did not track CSE CCC customer complaints and the resolutions of those complaints as required by State law.

Recommendation: We recommend that Department management enhance the CSE CCC complaint-handling process by establishing a system or other mechanism to

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

Department of Revenue
Preliminary and Tentative Audit Findings—Response
Operational Audit
Page 2

aggregate and track all complaints received, and the resolution of such complaints, as specified by State law.

Response: The Child Support Program will implement a new tracking system for complaints received, and the resolution of such complaints. The new tracking system will be implemented by October 1, 2015.

Finding No. 4: Although required by State law, the Department did not provide statistical data on customer complaints and resolutions of those complaints and customer satisfaction measures in annual reports or other performance publications, or utilize this data when conducting management and budget planning activities.

Recommendation: We recommend that Department management continue efforts to restore the survey component of the CSE CCC telephone system and to provide statistical data on CSE CCC customer complaint and customer satisfaction measures in accordance with State law. Additionally, we recommend that, once available, the Department use the statistical data when conducting management and budget planning activities.

Response: The Child Support Program will continue efforts to restore the satisfaction survey to the CCC telephone system and will use the statistical data in planning activities. The satisfaction survey will be implemented by September 1, 2015.

Finding No. 5: CSE CCC management did not always ensure that CSE CCC call agent performance was monitored and scored each month as required by Department procedures.

Recommendation: We recommend that Department management ensure that CSE CCC call agent performance is monitored in accordance with established Department procedures and that documentation of monitoring efforts is appropriately prepared and maintained.

Response: The Child Support Program will revise existing procedures to include a requirement to validate, on a monthly basis, the required number of calls monitored and the monitoring results documented. The requirement will be implemented by July 1, 2015.

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

Department of Revenue
Preliminary and Tentative Audit Findings—Response
Operational Audit
Page 3

SELECTED ADMINISTRATIVE ACTIVITIES

Finding No. 6: The Department did not always ensure that Department contract managers received required training or appropriately document that CSE CCC employees completed all required training courses.

Recommendation: We recommend that Department management establish policies and procedures requiring periodic review of employee training records for required course completion. Additionally, we recommend that Department management ensure that contract managers and their supervisors are aware of training requirements.

Response: The Office of Financial Management (OFM) is in the process of gathering the current certifications of contract managers' training to date, and we will ensure that all contract managers and supervisors are aware of training requirements. In addition, OFM will develop written policies and procedures requiring periodic review of employee training records to ensure required contract management courses are completed. OFM will work with the Office of Workforce Management to explore the possibility of developing a Learning Management System (LMS)-based training notification and tracking system for the required certifications for each designated contract manager.

The Child Support Program will implement a new requirement for supervisors to review LMS training transcripts during their monthly meetings with each employee. The Child Support Contract Management Process will develop and implement an internal operating procedure that will require supervisors to add required contract management training courses to contract manager's LMS training plans. The new requirements will be implemented by September 1, 2015.

Finding No. 7: The Department did not always timely deactivate information technology user access privileges when the access privileges were no longer required. Additionally, the Department did not always appropriately document that access privileges were authorized.

Recommendation: We recommend that Department management ensure IT access privileges are deactivated immediately when the access privileges are no longer required. To identify unnecessary or excess access privilege, Department management should periodically perform comprehensive reviews of access privileges. Additionally, we recommend that Department management ensure that authorization records are maintained to document access privileges requested, approved, and granted.

Response: Department of Revenue Policy Number DOR-1099-028B, Information Security Policy, requires:

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

Department of Revenue
Preliminary and Tentative Audit Findings—Response
Operational Audit
Page 4

- Department information owners shall maintain documentation of users authorized to access confidential information.
- Department information owners shall review access rights periodically based on risk, access account change activity, and error rate.
- Supervisors shall ensure timely removal of security access for employees upon termination.

The Office of Financial Management and the Child Support Program have taken the following steps to implement these Department requirements:

The Office of Financial Management's (OFM's) Purchasing Process has conducted a complete review of the Contract Accountability and Tracking System (CATS) access and editing privileges for all individuals with access to the system. OFM Purchasing has implemented a semi-annual review of the level of access for all individuals with access to the system. These authorizations will be recorded and maintained.

The Child Support Program implemented Access and Use Operational Procedures in May 2011 requiring supervisors and contract managers to take immediate action to have the user's access terminated when no longer with the Department, or access revised when job duties change, location changes and/or a user's supervisor changes. Annually, the supervisor is responsible for reviewing the access for each user under their supervision when completing the employee's performance evaluation.

The audit identified one individual out of twelve sampled whose access was terminated four business days after leaving the Department. The cause of this was human error versus a lack of procedures and periodic reviews of access privileges. To help identify human errors or training opportunities, the Program will review a new monthly report of terminations of employment and date IT privileges are terminated. This new report will be implemented by July 1, 2015.

Finding No. 8: Improvements are needed in the Department's administration of its responsibilities under the Florida Single Audit Act.

Recommendation: We recommend that, for all State projects attributed to the Department in the Catalog of SFA, Department management ensure the required FRPs are timely received and properly reviewed and that any instances of recipient noncompliance or other noted deficiencies are timely followed up on and resolved. For those State projects the Department believes the State awarding agency designations should be changed, we also recommend that Department management continue to consult with the DFS regarding the appropriateness of the designations.

EXHIBIT A (CONTINUED)
MANAGEMENT'S RESPONSE

Department of Revenue
Preliminary and Tentative Audit Findings—Response
Operational Audit
Page 5

Response: The Program will continue to obtain and review financial reporting packages from non-state entities that receive direct appropriations under state projects attributed to DOR.

The Program will consult with the Department of Financial Services regarding the appropriateness of the awarding agency designation for certain state projects. The Program will also continue to work with the Department of Financial Services on the removal of tax credits and tax refunds from the scope of the Florida Single Audit Act. The Department does not believe that the intent of FSAA was to impose an undue burden on taxpayers to fund an additional, separate audit.