

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-187
April 2023

DEPARTMENT OF FINANCIAL SERVICES

Division of State Fire Marshal
and Selected Administrative Activities



Sherrill F. Norman, CPA
Auditor General

Chief Financial Officer

Pursuant to Article IV, Sections 4(c) and 5(a) of the State Constitution, the Chief Financial Officer is an elected member of the Cabinet and serves as the chief fiscal officer of the State. Pursuant to Section 20.121(1), Florida Statutes, the Chief Financial Officer is the head of the Department of Financial Services. The Honorable Jimmy Patronis served as Chief Financial Officer during the period of our audit.

The team leader was Nathan Taylor, CPA, and the audit was supervised by Karen Van Amburg, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at karevanamburg@aud.state.fl.us or by telephone at (850) 412-2766.

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DEPARTMENT OF FINANCIAL SERVICES

Division of State Fire Marshal and Selected Administrative Activities

SUMMARY

This operational audit of the Department of Financial Services (Department) focused on selected administrative activities and included a follow-up on applicable findings noted in our report No. 2018-211 related to the Division of State Fire Marshal (Division) and information technology controls. Our audit disclosed the following:

Division of State Fire Marshal

Finding 1: Bureau of Fire Prevention (Bureau) procedures for ensuring of record the accuracy and completeness of building inspection data included in CitizenServe continue to need improvement.

Finding 2: As similarly noted in our report No. 2018-211, Bureau inspection activities were not always adequately documented.

Finding 3: The Department did not timely take steps to reasonably ensure that service organization controls for CitizenServe were suitably designed and operating effectively. A similar finding was noted in our report No. 2018-211.

Finding 4: Division controls for conducting periodic reviews of CitizenServe and Fire College Department of Insurance Continuing Education (FCDICE) System user access privileges continue to need enhancement.

Finding 5: Department controls over CitizenServe and FCDICE System user access privileges continue to need improvement.

Motor Vehicles

Finding 6: The Department did not always verify that employees authorized to operate motor vehicles for State business purposes possessed a valid and current driver's license.

BACKGROUND

The Department of Financial Services (Department) is responsible for a broad range of financial, regulatory, and consumer protection activities. To carry out these activities, the Department is statutorily¹ organized into one office and 13 divisions, including the Division of State Fire Marshal (Division). For the 2022-23 fiscal year, the Legislature appropriated approximately \$396 million to the Department and authorized 1,922.50 positions, including 105 positions assigned to the Division.²

¹ Section 20.21, Florida Statutes.

² Chapter 2022-156, Laws of Florida.

FINDINGS AND RECOMMENDATIONS

DIVISION OF STATE FIRE MARSHAL

The Division, Bureau of Fire Prevention (Bureau), is responsible for reviewing construction plans for all State-owned and State-leased buildings for compliance with the Florida Fire Prevention Code (Fire Code),³ enforcing the Fire Code through inspections of State-owned buildings, such as State correctional institutions, State universities, and the Capitol Building; licensing fire equipment, engineered fire protection systems, and explosives and sparklers; and ensuring the safety of boilers in public buildings by administering and enforcing the Boiler Safety Act.⁴

State law⁵ requires State-owned buildings designated as high-hazard⁶ to be inspected at least annually and all other buildings to be inspected on a recurring basis as established by Department rules.⁷ State law also requires the Division, within 7 days of each inspection, to submit an inspection report to the head of the State agency responsible for the building.

The Department contracted with a service organization for the use of CitizenServe, a Web-based software application that provides the Bureau a single platform for licensing, inspection, and invoicing functions. Bureau staff utilize CitizenServe to maintain inspection data and records, including inspection reports and documentation related to violations noted during an inspection. According to CitizenServe records, the Bureau conducted 12,830 high-hazard inspections and 10,928 recurring inspections of 13,556 buildings during period July 2020 through March 2022.

Finding 1: Building Inspection Data

To fulfill its statutory fire safety inspection responsibilities, it is essential that the Bureau maintain a current, comprehensive listing of buildings subject to inspection. CitizenServe includes fields indicating the building type (e.g., high-hazard, construction), status (active or inactive), and disposition (whether the building was occupied, unoccupied, or demolished). Bureau management and inspectors used these fields to determine the need and frequency for a fire safety inspection. As of May 3, 2022, CitizenServe included records for 13,776 active State-owned buildings.

In our report No. 2018-211 (Finding 1), we noted that the Bureau could not demonstrate that all buildings subject to fire safety inspections were included in CitizenServe, and that CitizenServe included inaccurate and incomplete building data. As part of our follow-up audit procedures, we evaluated Bureau controls for ensuring that all buildings subject to inspection were included in CitizenServe and examined

³ Department Rules, Chapter 69A-60, Florida Administrative Code.

⁴ Chapter 554, Florida Statutes.

⁵ Section 633.218(1), Florida Statutes.

⁶ Section 633.218(1)(e), Florida Statutes, defines a “high-hazard occupancy” building as any structure: (1) that contains combustible or explosive matter or flammable conditions dangerous to the safety of life or property; (2) at which persons receive educational instruction; (3) at which persons reside, excluding private dwellings; or (4) containing three or more floor levels.

⁷ Department Rule 69A-3.011(1)(c), Florida Administrative Code, specifies that recurring basis shall mean annually if permitted by available resources, but at least once every 2 years, as determined by the Division.

CitizenServe records as of May 3, 2022, to assess the completeness and accuracy of CitizenServe data, including building type, responsible State agency, county, and address. Our audit procedures found that:

- Although the Bureau reported spot checking the accuracy and completeness of CitizenServe data, such efforts were not documented and Bureau records did not evidence the verification of the completeness of CitizenServe building records. Such verification procedures could include periodic comparisons of building information included in other property databases such as the Florida State-Owned Lands and Records Information System (FL-SOLARIS)⁸ or the Department's Origami Risk Management System (Origami).⁹ According to Bureau management, the absence of consistent building information between CitizenServe and other systems such as FL-SOLARIS or Origami makes comparisons of the information labor-intensive.
- CitizenServe records were not always complete. Specifically:
 - The building type field for 325 buildings was blank.
 - The State agency field for 355 buildings was blank.
 - The county field for 96 buildings was blank.
 - The address field for 144 buildings was blank or marked unknown.

In response to our audit inquiry, Bureau management indicated that the incomplete records were due to inadvertent staff errors in completing the data fields.

Absent complete and accurate CitizenServe data, Bureau management's ability to effectively manage building fire safety inspections and ensure that buildings are inspected in accordance with State law and Department rules is reduced.

Recommendation: We recommend that Bureau management perform and document of record procedures to verify the accuracy and completeness of CitizenServe data.

Finding 2: Inspection Documentation

Bureau policies and procedures¹⁰ specified that, while conducting an inspection, inspectors were to identify fire hazards outside and inside the building; detect potential fire causes; consider potential avenues for the spread of fire; ensure life safety features were not compromised; and ensure that installed fire detection, alarm, and extinguishing systems were in a state of readiness. An inspection checklist, which listed inspection areas such as fire suppression systems, fire alarm systems, means of egress, and fire drills completed, was available in CitizenServe for inspectors to complete. Inspectors were to note any deficiencies in CitizenServe and complete an inspection report in CitizenServe. Upon conclusion of the inspection, the inspector was to conduct a closing interview with the Building Manager

⁸ FL-SOLARIS is a comprehensive database of all real property owned, leased, rented, or otherwise occupied by a State government entity and is managed by the Department of Environmental Protection and the Department of Management Services.

⁹ Origami is the Department's insurance management system that includes insured property data.

¹⁰ Bureau of Fire Prevention Quality Management System Procedure 3.03 I, *Annual Life Safety Inspection Procedures*.

and notify the Building Manager of all violations noted in the inspection report. Department rules¹¹ require that fire safety violations be resolved within a reasonable period of time after inspection.¹²

In our report No. 2018-211 (Finding 3), we noted that Bureau policies and procedures did not specify the methodology for conducting and documenting inspections, communicating inspection results, or following up on noted violations. Additionally, we noted that inspections and follow-up inspection activities were not always adequately documented. According to Department records, the Bureau completed 23,758 inspections of 13,556 State-owned buildings during the period July 2020 through March 2022. As part of our follow-up audit procedures, we reviewed Bureau policies and procedures and examined records for 40 inspections of 40 State-owned buildings during the period July 2020 through March 2022. Our audit procedures disclosed that, although Bureau policies and procedures had been updated to detail the methodology for conducting and documenting inspections, inspectors did not always adhere to established requirements or otherwise adequately document inspection activities. Specifically, we noted that:

- For 13 inspections, although CitizenServe records indicated that the building had a life safety system, the inspection records did not evidence that the Bureau verified that the system had been inspected by a qualified outside contractor. State law¹³ requires that life safety systems, including fire suppression equipment, fire protection systems, and fire alarm system equipment, be inspected in accordance with applicable standards of the National Fire Protection Association. In response to our audit inquiry, Bureau management indicated that Bureau inspectors are not required to retain copies of life safety system inspection records.
- For 9 inspections, while the inspectors completed an inspection report, the inspectors did not complete an inspection checklist or otherwise document the inspection activities completed during the 9 inspections. According to Bureau management, as part of a continuing effort to reduce the use of paper and better streamline the field inspection process, completion of inspection checklists was suspended and that the inspection report and inspection report cover letter served as documentation of the inspection activities. Notwithstanding, the inspection report and cover letter only detail the results of the inspection and relevant standards and not the specific inspection activities undertaken.
- For 1 inspection, neither the inspection report nor evidence of its submittal to the State agency head was included in CitizenServe. In response to our audit inquiry, Bureau management indicated that the report was not completed due to staff error.
- No documentation was available evidencing that a closing interview was conducted with the Building Manager for 39 inspections. According to Bureau management, verbal meetings were conducted with the Building Managers or their representatives.
- CitizenServe records did not always evidence that the Bureau timely followed up on violations noted during inspections. Our examination of CitizenServe records for the 7 inspection reports that included violations disclosed that:
 - A violation noted during an inspection conducted on July 13, 2021, had not been closed as of June 17, 2022, although 339 days had elapsed. According to Bureau management, the

¹¹ Department Rule 69A-3.012(3), Florida Administrative Code.

¹² Department Rule 69A-3.012(3), Florida Administrative Code, defines within a reasonable period of time as the amount of time it would normally take to correct a specific fire code violation, under the assumption that the property owner would begin to correct the violations upon receipt of an official document from the enforcing agency.

¹³ Sections 633.306, 633.334, and 633.348, Florida Statutes.

inspector subsequently verified that the violation was corrected in the inspection conducted on August 11, 2022.

- Violations noted during 2 of the inspections were closed 110 and 372 days after the violations were noted. In response to our audit inquiry, Bureau management indicated that the delay in closing violations related to one inspection was due to the violations involving multiple buildings and that, for the other inspection, corrective actions were verified at the next inspection.

Absent adequate documentation demonstrating the inspection activities performed, the communication of inspection results to building managers and applicable State agency heads, and the follow-up actions taken to timely resolve noted violations, the Bureau cannot demonstrate that inspections are conducted in accordance with State law, Department rules, and Bureau policies and procedures.

Recommendation: We recommend that Bureau management enhance controls to ensure that inspections and follow-up inspection activities are appropriately conducted and documented in CitizenServe and that inspection results are properly communicated to building managers and State agency heads.

Finding 3: Service Organization Controls

The Department contracted with a service organization for CitizenServe use and support and maintenance services. As the Bureau relies on CitizenServe to execute its regulatory responsibilities, including licensing, inspection, and invoicing functions, it is incumbent upon the Department to take steps to reasonably ensure that the service organization controls relevant to the services provided are suitably designed and operating effectively. Such steps may include requiring the service organization to provide a service auditor's report¹⁴ on the effectiveness of the controls established by the organization for CitizenServe or, alternatively, Department monitoring of the effectiveness of relevant service organization controls.

As part of our audit, we inquired of Department management and examined contractual agreements between the Department and the CitizenServe service organization to determine whether the Department had obtained and reviewed service auditor's reports on the effectiveness of the controls established by the service organization for CitizenServe. We noted that, although the Department's contractual agreements with the CitizenServe service organization included provisions requiring the service organization to provide the Department with service auditor's reports, the Department neither obtained or reviewed service auditor reports during the period July 2020 through March 2022 or monitored the effectiveness of relevant service organization controls. Subsequent to our audit inquiry, the Department completed a review of applicable reports in June 2022.

In response to our audit inquiry, Department management indicated that it was unclear who was receiving the service auditor's reports as there had been staff turnover. Additionally, Department management

¹⁴ A service auditor's report, as described by the American Institute of Certified Public Accountants, AT-C Section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*, provides information and auditor conclusions related to a service organization's controls. Service organizations make service auditors reports available to user organizations to provide assurances related to the effectiveness of the service organization's relevant internal controls. AT-C Section 320.04 states that the guidance provided in AT-C Section 320 may be helpful in reporting on controls at a service organization other than those that are likely to be relevant to user entities' internal control over financial reporting.

indicated that policies and procedures were being drafted to address areas of responsibility for obtaining and reviewing service auditor's reports.

Timely evaluation of relevant service organization controls would provide Department management assurance that relevant internal controls supporting CitizenServe are in place and functioning effectively. A similar finding was noted in our report No. 2018-211 (Finding 10).

Recommendation: Because of the critical nature of CitizenServe data, we again recommend that Department management timely make or obtain independent and periodic assessments of the effectiveness of the service organization's relevant internal controls.

Finding 4: Periodic Review of Access Privileges

Department of Management Services (DMS) rules¹⁵ require State agencies to periodically review user access privileges based on system categorization or assessed risk. Periodic reviews of user access privileges help ensure that only authorized users have access and that the access provided to each user remains appropriate.

Division policies and procedures¹⁶ required on the first day of each fiscal quarter that the access control administrator for CitizenServe and for the Fire College Department of Insurance Continuing Education (FCDICE) System¹⁷ generate user access reports and send the reports to section managers for review. Section managers were to ensure that user access privileges for their employees were appropriate for their assigned job duties and that user access had been deactivated for any employees who had separated from Department employment in the previous quarter. Additionally, Division policies and procedures required that access review documentation be maintained for 1 year.

In our report No. 2018-211 (Finding 8), we noted that the Division did not conduct periodic reviews of CitizenServe or FCDICE System user access privileges. As part of our follow-up audit procedures, we inquired of Division management and examined Division records to determine whether the Division conducted quarterly access reviews of CitizenServe and FCDICE System user access privileges during the period July 2020 through March 2022. We found that:

- The Division did not conduct periodic reviews of FCDICE System user access privileges during the period July 2020 through March 2022 due to management oversight.
- The Division did not conduct reviews of CitizenServe user access privileges for the quarters beginning October 2020, January 2021, or October 2021. Additionally, the review for the quarter beginning July 2020 was not conducted until October 2020. According to Division management, CitizenServe user access privilege reviews were not always conducted or timely conducted due to staff turnover and staff working remotely during the COVID-19 pandemic.
- For the four CitizenServe user access reviews conducted, although Division records evidenced that section managers had responded to the access control administrator indicating that the users listed on the reports remained active, the records did not evidence the section managers' determination that the user access privileges remained appropriate for the employees' job duties. In response to our audit inquiry, Division management indicated that they had assumed that

¹⁵ DMS Rule 60GG-2.003(1)(a)6., Florida Administrative Code.

¹⁶ Division, Bureau of Fire Prevention, Quality Management System Procedure 4.5.1 – *CitizenServe Access*, and Bureau of Standards and Training, Standard Operating Procedure #5.1.10 - *FCDICE Access*.

¹⁷ The Department uses the FCDICE System to maintain Florida State Fire College course and instructor information.

current employees' CitizenServe user access privileges remained appropriate unless otherwise notified by the section managers.

Timely conducting and adequately documenting the results of CitizenServe and FCDICE System user access privilege reviews would increase management's assurance that assigned access privileges are authorized and remain appropriate.

Recommendation: We recommend that Division management ensure that CitizenServe and FCDICE System user access privilege reviews are periodically conducted and documented establishing the continued appropriateness of assigned user access privileges.

Finding 5: Access Privilege Controls

DMS rules¹⁸ require State agencies to ensure that user access privileges are removed when access to an IT resource is no longer required. Prompt action to deactivate user access privileges when an employee separates from employment or access to the IT resource is no longer required is necessary to help prevent misuse of the access privileges. Accordingly, Division policies and procedures¹⁹ required supervisors to notify the access control administrators of an employee's last access date for CitizenServe and the FCDICE System, and the access control administrators to deactivate the employee's user access privileges by the close of business on the last access date.

As part of our audit, we evaluated CitizenServe and FCDICE System access privilege controls and examined related Division records and found that control enhancements were needed to better demonstrate that access privileges are timely deactivated. Specifically, we noted that:

- CitizenServe does not record the date a user's access privileges are deactivated. Consequently, we were unable to evaluate whether the access privileges for CitizenServe users who separated from Department employment during the period July 2020 through March 2022 were timely deactivated.
- Department records did not evidence that FCDICE System user access privileges assigned to 13 employees who separated from Department employment during the period July 2020 through March 2022 were timely reassigned to external roles, allowing the employees only to retain access to their education, work history, certification, and training information as an external user.
- As of March 31, 2022, 2 of the 51 Department users with FCDICE System access privileges had been separated from Department employment for 349 and 608 days. According to Department management, the users' access privileges were not deactivated due to management oversight.

Maintaining historical access control records would provide assurance and serve to demonstrate that CitizenServe user access privileges are timely deactivated upon an employee's separation from Department employment or when access privileges are no longer required. The prompt deactivation or appropriate reassignment of CitizenServe and FCDICE System access privileges upon an employee's separation from Department employment reduces the risk that the access privileges may be misused by the former employee or others. A similar finding was noted in our report No. 2018-211 (Finding 9).

¹⁸ DMS Rule 60GG-2.003(1)(a)8., Florida Administrative Code.

¹⁹ Division, Bureau of Fire Prevention, Quality Management System Procedure 4.5.1 – *CitizenServe Access*, and Bureau of Standards and Training, Standard Operating Procedure #5.1.10 - *FCDICE Access*.

Recommendation: We again recommend that Department management retain CitizenServe access control records sufficient to demonstrate that user access privileges are timely deactivated upon a user’s separation from Department employment or when the access privileges are no longer required. We also recommend that Department management ensure that FCDICE System access privileges are promptly reassigned or deactivated after a user separates from Department employment.

MOTOR VEHICLES

State law²⁰ and DMS rules²¹ provide that State-owned motor vehicles are to be used effectively, efficiently, and for official purposes. As of January 19, 2023, the Department was responsible for 511 State-owned motor vehicles that were available for assignment and use by 751 Department personnel.

Finding 6: Vehicle Operator Driver’s Licenses

DMS rules²² require State agency heads to ensure that operators of State-owned motor vehicles possess a current and valid driver’s license. Pursuant to Department, Division of Risk Management guidelines,²³ each State agency should establish a process to monitor employee driver’s licenses if employees are authorized to drive a motor vehicle for State business purposes on a routine or regular basis.

According to Department management, employees in eight Department divisions and the Office of Information Technology (OIT) utilized Department motor vehicles. Five Department divisions²⁴ were to utilize the Department of Highway Safety and Motor Vehicles Driver and Vehicle Information Database to access, as applicable, their employees’ driver’s license histories on an ongoing and biannual basis to ensure that each employee had an active driver’s license and there were no liability concerns. Three Department divisions²⁵ and the OIT were to utilize the Bureau of Human Resource Management (Human Resources) to assist with monitoring their employees’ driver’s licenses. Effective July 3, 2018, these divisions and the OIT were to submit to Human Resources on a regular basis a listing of positions authorized to operate a motor vehicle and the name of the employee holding each position. Human Resources was to check each employee’s driver’s license history and status on a biannual basis.

As part of our audit, we inquired of Department management and examined Department records related to driver’s license verifications for employees in the eight Department divisions and OIT that utilized the Department’s motor vehicles. Our audit procedures disclosed that, contrary to Department guidelines, the OIT and five of the eight divisions did not conduct driver’s license checks on a biannual basis during the period July 2020 through March 2022. Specifically:

²⁰ Section 287.16, Florida Statutes.

²¹ DMS Rules, Chapter 60B-1, Florida Administrative Code.

²² DMS Rule 60B-1.004(1)(a), Florida Administrative Code.

²³ *Agency Risk Management Program Evaluation Guidelines*, dated July 11, 2017.

²⁴ The Divisions of Administration, Insurance Agents and Agency Services, Investigative and Forensic Services, Public Assistance Fraud, and Workers’ Compensation.

²⁵ The Divisions of Funeral, Cemetery, and Consumer Services, Risk Management, and State Fire Marshal.

- The OIT, the Division of Insurance Agents and Agency Services, Division of Funeral, Cemetery, and Consumer Services, and the State Fire Marshal did not conduct checks of employee driver's licenses.
- The Division of Public Assistance Fraud only conducted a check in February 2021.
- The Division of Administration only conducted checks in June 2020 and January 2021.

According to Department management, OIT and Division staff were unaware of their responsibility to conduct driver's license checks.

Regular monitoring to verify that employees who operate motor vehicles to conduct State business possess a current and valid driver's license reduces the Department's risk of liability and ensures compliance with DMS rules and Department guidelines.

Recommendation: We recommend that Department management conduct regular monitoring to ensure that employees who are authorized to operate motor vehicles for State business purposes possess a current and valid driver's license, and that such monitoring activities are documented in Department records.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the applicable findings included in our report No. 2018-211.

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 2022 through October 2022 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 of the Department of Financial Services (Department) focused on selected administrative activities and included a follow-up on applicable findings noted in our report No. 2018-211 related to the Division of State Fire Marshal (Division) and information technology controls (Findings 1 through 10). For those areas, the 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 responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into 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.

- Determine whether management had corrected, or was in the process of correcting, applicable deficiencies disclosed in our report No. 2018-211.
- 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 internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; 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, waste, abuse, or inefficiency.

In conducting our audit, we:

- Inquired of Department management regarding whether the Department made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency declaration during the period July 1, 2021, through May 16, 2022.
- From the population of 235 expenditure transactions, totaling \$52,517, made by the Department under the authority granted by an applicable state of emergency declaration during the period July 1, 2021, through May 16, 2022, examined Department records for 40 selected expenditure transactions, totaling \$20,569, to determine whether the expenditures appeared reasonable and necessary given the nature of the declared emergency and the statutory responsibilities of the Department.
- Evaluated Department actions to correct applicable findings noted in our report No. 2018-211. Specifically, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of Division responsibilities and processes.
- Inquired of Division management, reviewed Division policies and procedures, and analyzed CitizenServe records as of May 3, 2022, to determine whether the Division ensured that all buildings subject to fire safety inspections were included in CitizenServe, whether building inspection data was accurate and complete, and whether CitizenServe records demonstrated that all high-hazard buildings had been inspected annually.
- From the population of 23,758 inspections of 13,556 State-owned buildings conducted by the Bureau of Fire Prevention during the period July 2020 through March 2022, examined Bureau of Fire prevention records for 40 selected inspections of 40 buildings to determine whether the inspections were timely and adequately performed and documented; related inspection records were timely provided to the responsible State agency heads; and, when applicable, follow-up activities were timely and appropriately conducted for all reported violations.
- Inquired of Division management, reviewed Department rules and Bureau of Fire Prevention policies and procedures, and examined applicable billing records to determine whether the Bureau established policies and procedures addressing the inspection and plan review fee invoicing process, calculated and collected inspection and plan review fees in accordance with State law and Department rules, and quantified inspection fees due from State universities.
- From the population of 40 instructors who conducted training at the Florida State Fire College during the period July 2020 through March 2022, examined Bureau of Fire Standards and Training records for 10 selected instructors to determine whether Bureau records demonstrated that instructors met the certification requirements specified in Department rules.
- Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for CitizenServe and the Fire College Department of Insurance Continuing Education System were in place, and tested the effectiveness of the selected controls.
- Inquired of Department management and examined Department records to determine whether the Department had timely requested, obtained, and documented reviews of, service auditor reports on the effectiveness service organization controls established for CitizenServe.
- 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:
 - Purchasing activities.
 - The administration of tangible personal property, other than motor vehicles, in accordance with applicable guidelines. As of February 2022, the Department was responsible for tangible personal property with related acquisition costs totaling \$51,884,902.
 - The assignment and use of motor vehicles. As of January 19, 2023, the Department was responsible for 511 motor vehicles.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of June 2021, the Department was responsible for 36 real property leases.
- 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. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

April 25, 2023

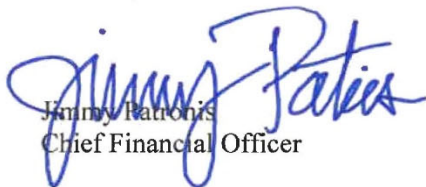
Sherrill F. Norman
Auditor General
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings included in the Auditor General's operational audit of the *Department of Financial Services, Division of State Fire Marshal and Selected Administrative Activities*.

If you have any questions concerning this response, please contact Debbie Clark at (850) 413-4953.

Sincerely,


Jimmy Patronis
Chief Financial Officer

JP/DC
Enclosure

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DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 1: Building Inspection Data:

Bureau of Fire Prevention (Bureau) procedures for ensuring of record the accuracy and completeness of building inspection data included in CitizenServe continue to need improvement.

Recommendation: We recommend that Bureau management perform and document of record procedures to verify the accuracy and completeness of CitizenServe data.

DFS Division: Division of State Fire Marshal

Response: The Bureau of Fire Prevention (BFP) staff will coordinate with Citizen Serve the review and update of data quality assurance reports to ensure audit identified fields are captured in these reports for all active buildings. BFP staff will modify and update procedure 4.4.9.1 (2.4) to include development of a uniform process for documenting the quality assurance reports being performed of active buildings.

Expected Completion Date for Corrective Action: 12/31/2023

DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 2: Inspection Documentation

As similarly noted in our report No. 2018-211, Bureau inspection activities were not always adequately documented.

Recommendation: We recommend that Bureau management enhance controls to ensure that inspections and follow-up inspection activities are appropriately conducted and documented in CitizenServe and that inspection results are properly communicated to building managers and State agency heads.

DFS Division: Division of State Fire Marshal

Response: BFP staff will modify and update procedure 4.3.3.1 (2.0) to include development of a uniform process for documenting the quality assurance reports of bureau inspection activities being performed on active buildings.

Expected Completion Date for Corrective Action: 09/30/2023

DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 3: Service Organization Controls

The Department did not timely take steps to reasonably ensure that service organization controls for CitizenServe were suitably designed and operating effectively. A similar finding was noted in our report No. 2018-211.

Recommendation: Because of the critical nature of CitizenServe data, we again recommend that Department management timely make or obtain independent and periodic assessments of the effectiveness of the service organization's relevant internal controls.

DFS Division: Division of State Fire Marshal (SFM) and Office of Information Technology (OIT)

SFM Response: BFP staff will modify and update procedure 4.5.1 (2.0) to include development of a procedure for requesting a SOCII report from Citizen Serve and the procedure and documentation of review and approval of the SOCII report by Office of Information Technology (OIT) staff

SFM Expected Completion Date for Corrective Action: 06/30/2023

OIT Response: The SFM Bureau of Fire Prevention will request the SOC II Report from Citizenserve by April 1st of each calendar year and provide the report to the OIT for their review of service organization controls. OIT has been provided with the April 2023 report and has completed a review of the report.

OIT Expected Completion Date for Corrective Action: Completed

DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 4: Periodic Review of Access Privileges

Division controls for conducting periodic reviews of CitizenServe and Fire College Department of Insurance Continuing Education (FCDICE) System user access privileges continue to need enhancement.

Recommendation: We recommend that Division management ensure that CitizenServe and FCDICE System user access privilege reviews are periodically conducted and documented establishing the continued appropriateness of assigned user access privileges.

DFS Division: Division of State Fire Marshal (SFM)

SFM Response:

Citizen Serve- BFP staff will modify and update procedure 4.5.1 (2.5) to include development of a procedure which provides for uniform collection, retention, and quarterly review of Citizen Serve user access privileges.

FCDICE System- The process is already in place in BFST **FCDICE Access Procedure 5.1.10** and is outlined below. However due to management oversight, this process was not fully followed. We have reviewed the process with each supervisor to ensure the review is conducted as identified below.

2.5 Quarterly Access Review

2.5.1 On the first day of each new fiscal year quarter, the Access Control Administrator (ACA), which is the Bureau Chief, generates the application listing report and provides it to the Section Managers for review. To the extent possible, this report should include the following information: username, user ID, assigned roles, and last login date. Additionally, if possible, the report should be segmented out by each section and sent only to the section's manager for review.

2.5.2 Upon receipt of the application listing report by the ACA, section managers must review account access within 5 days of receiving the report to ensure:

(a) The FCDICE roles assigned to their staff members are consistent with the roles and responsibilities that the user requires in order to perform their assigned duties.

(b) The statuses of former staff who separated during the quarter have been changed to "inactive."

SFM Expected Completion Date for Corrective Action:

Citizen Serve- 06/30/2023, **FCDICE System-** 3/31/2023

DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 5: Access Privilege Controls

Department controls over CitizenServe and FCDICE System user access privileges continue to need improvement.

Recommendation: We again recommend that Department management retain CitizenServe access control records sufficient to demonstrate that user access privileges are timely deactivated upon a user's separation from Department employment or when the access privileges are no longer required. We also recommend that Department management ensure that FCDICE System access privileges are promptly reassigned or deactivated after a user separates from Department employment.

DFS Division: Division of State Fire Marshal (SFM)

SFM Response:

Citizen Serve -BFP staff will modify and update procedure 4.5.1 (2.5) to include development of a procedure which provides for uniform collection and retention of Citizen Serve user access privileges.

FCDICE – The process is already in place in BFST **FCDICE Access Procedure 5.1.10** and is outlined below. However due to management oversight, this process was not fully followed. We have reviewed the process with each supervisor to ensure the review is conducted as identified below.

2.4 Separation of Users:

2.4.1 The user's supervisor notifies the ACA of the "last access date" of the user.

2.4.2 By close of business on the last access date, the Bureau's IRMAG will complete the "Information Technology Application Access and Resource Request Form" and user's access will be deactivated.

SFM Expected Completion Date for Corrective Action:

Citizen Serve- 06/30/2023, **FCDICE System-** 3/31/2023

DEPARTMENT OF FINANCIAL SERVICES

AG Audit of Division of State Fire Marshal and Selected Administrative Activities

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 6: Vehicle Operator Driver's Licenses

The Department did not always verify that employees authorized to operate motor vehicles for State business purposes possessed a valid and current driver's license.

Recommendation: We recommend that Department management conduct regular monitoring to ensure that employees who are authorized to operate motor vehicles for State business purposes possess a current and valid driver's license, and that such monitoring activities are documented in Department records.

DFS Division: Division of Administration

Response: The Department concurs. On January 19, 2023, the Department revised and published Administrative Policy and Procedure (AP&P) 2-07, Fleet Management – Use of State Vehicles. The amended AP&P adds additional language related to the semi-annual review of driver's license history, for employees who are authorized to drive a state vehicle. Furthermore, the Division of Administration has enhanced its internal procedures related to the scheduling, administering, documenting, and communicating the results of the semi-annual review of employee driver's license records.

Expected Completion Date for Corrective Action: Completed January 2023.